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War Still An Option For Israel, Gur Warns

TEL AVIV, June 26 (UPI)—Israel's military chief warned in an interview published today that Israel would declare war on its Arab neighbors if necessary to protect its existence.

He said that the next round of fighting could be a "push-button war" involving extensive use of missiles.

"We must preserve our option to declare war if the skies darken," Gen. Mordechai Gur said in an article in the army magazine Samahaneh. "This is important to us and important to the world. It is important to our neighbors to have them know that this option, under which we will declare war in the event that certain conditions evolve—this option remains open," Gen. Gur said. He did not specify what those conditions were.

After the October war of 1973, then-Prime Minister Golda Meir said that Israel did not initiate the fighting with a pre-emptive strike against the Arab troop buildup on its frontiers because of political considerations, a decision widely criticized by her political opposition.

Lessons of 1973

Gen. Gur said that the lessons of the 1973 war were already being applied by the army in case of renewed fighting.

"We are at the application stage on a higher level, and, once the means which we are interested in purchasing arrive, we shall be able to close the circle," he said. He did not elaborate.

One of the areas on which the army is concentrating, Gen. Gur said, is the Arab use of Soviet-made ground-to-ground missiles, which they used on a limited scale in the October war.

"The Russians may very likely succeed in halting the advance of our armor and our tanks and we must certainly take into account the fact that the use of missiles will constitute one of the opening gambits of a war."

Gen. Gur said that Israel's answer to the Arab missiles would be its air force.

"Instruments operated by men will determine the fate of the campaign," he said. "We must learn from this as well as from other lessons not to be afraid of push-button wars."

In Jerusalem, police dismantled three bazooka rockets near the newly built housing development of Ramot Eshkol in the formerly Arab eastern sector of the city.

May Be Biggest in History

\$100-Million Swindle Duped Prominent American Figures

NEW YORK, June 26 (AP)—Top show-business personalities, business magnates and big-name lawyers were among victims of a \$100-million oil-drilling swindle, Wall Street Journal said today.

The newspaper said it may be the biggest swindle of its kind in history.

Investors sank about \$130 million in it and all but \$30 million went astray, the newspaper said. The Securities and Exchange Commission called it a "Ponzi scheme," in which the swindlers pay off early investors with money from more recent investors.

Show-business investors identified by the newspaper and the amounts they invested included: Andy Williams, \$538,000; Jack Benny, \$300,000; rock singer David Cassidy, \$300,000; Walker, Maechan, \$300,000; and Lisa Minnelli, \$331,000.

Businessmen who had a major stake included Fred Borah, former chairman of General Electric Co., \$440,920; Walter Wriston, chairman of the First National City Bank, \$211,000; Russell McFall, chairman and president of Western Union, \$394,000; John Martin, executive committee chairman of Heublein Co., \$361,000; and Ralph Hart, director and former chairman of Heublein, \$322,000.

Lawyers included Henry Fox of Washington, \$106,500; Earl Kintner of Washington, \$127,000; and Richard Storts, \$115,000.

Tax-Shelter

The newspaper said the case centers on Home-State Production Co., a Tulsa, Okla., tax-shelter oil-drilling company, which the SEC declared insolvent last September and is investigating.

The trustee in Home-State's bankruptcy and four groups of investors have filed suits in federal and state courts in Tulsa



NATO Secretary-General Joseph Luns turns pages of new Atlantic declaration as President Nixon closes his pen after signing the document yesterday at ceremonies in Brussels.

For \$78 Million of Uranium

U.S. Signs A-Pacts With Egypt, Israel

By Thomas O'Toole

WASHINGTON, June 26 (WP)—The United States today signed provisional contracts with Egypt and Israel to supply them with \$78 million of uranium fuel for the atomic power plants promised them by President Nixon on his Middle East tour.

The contracts were signed by Dixy Lee Ray, Atomic Energy Commission chairman, who accepted a down payment of \$680,000 from Egypt and \$730,000 from Israel. Both checks were drawn on New York's Morgan Trust Co. Israel mailed in its check and signed contract. Egypt was represented at a formal signing by Ahmad Sultan Ismail, minister for electric power.

Both contracts were signed four days before a June 30 deadline, when the AEC must cut off all new uranium fuel contracts because it has sold out its capacity for the next eight years. By law, the AEC is not permitted to sign uranium fuel contracts above its stated fuel capacity.

There are plans to increase the AEC's uranium fuel capacity by 60 percent, but until that is physically done the AEC cannot

sell any of that uranium fuel.

The contracts signed with Egypt and Israel call for shipment of initial fuel bundles of 115,000 pounds of uranium oxide. Each original fuel load for the 600,000 kilowatt power plants will con-

tain uranium enriched with 2.38 percent U-235. This is the isotope of uranium that fissions and sustains the chain reaction.

Each contract calls for eight uranium reloads, usually made once every 13 or 14 months. Each country will receive a total of 184,000 pounds of uranium in the eight reloads, all of them enriched at just under 3 percent U-235.

The contracts are for \$39 million for each nation, spread out over 10 years. No details of the financing were available.

The contracts with the two Middle East countries were signed with unusual speed, partly because of President Nixon's personal interest in the deals. Commissioners of the AEC only learned about the plan to supply nuclear power to the Middle East a month before the President left on his tour.

One reason for the haste was that the United States felt that if it did not promise nuclear power to the Middle East, the French and Russians would. Neither France nor the Soviet Union insists on the safeguards that the United States does.

There is a French-built reactor already operating in Israel. A research reactor of similar design was built by the Russians for Egypt. Neither one has the kinds of safeguards built into American-built power plants,

such as inspections of fuel load-

ings. The contracts signed today were provisional, meaning they depend on what kinds of safeguards the United States is able to negotiate with both countries. One thing the United States is believed ready to insist on is that the fuel be reprocessed outside the Middle East, so that no plutonium can be extracted out of the spent fuel by the two countries.

Plutonium is a usable atomic bomb material. Uranium enriched with less than three percent U-235 is not.

Chile Confirms Pinochet as Its 'Supreme Chief'

SANTIAGO, June 26 (AP)—Chile's military government issued a decree last night naming Gen. Augusto Pinochet "supreme chief of the nation."

It had been announced last week that the four-man military junta would reorganize the government, with Gen. Pinochet as chief executive. Yesterday's decree made it official.

The decree, called a "miniconstitution" by legal observers, said the junta has assumed all legislative and executive powers. These powers actually have been exercised by the junta since Sept. 11, when the armed forces ousted President Salvador Allende, dissolved parliament and banned all political activities.

The naming of Gen. Pinochet as supreme chief was seen as further evidence that the armed forces do not plan any early return to an elected, civilian government. Gen. Pinochet said recently that the junta would govern at least five years "and perhaps much longer."

The decree states that Chile's judicial system will remain autonomous but with the supreme chief having the authority to appoint judges. Gen. Pinochet also is commander-in-chief of the army and thus head of Chile's most powerful military force.



John D. Ehrlichman and his wife arriving at court in Washington yesterday for his trial.

Closer Consultation Pledged

Nixon, Other NATO Leaders Sign New Alliance Declaration

By Alvin Shuster

BRUSSELS, June 26 (NYT)—President Nixon and the other leaders of the 15-nation North Atlantic alliance today signed a new declaration designed to assure close consultations and to end the months of pickering among the allies.

The public ceremony and the private meetings, coming on the eve of Mr. Nixon's departure for Moscow, were intended not only to revitalize the 25-year-old North Atlantic Treaty Organization but also to enable the President to provide assurances to the allies that he would protect their interests in his talks with the Soviet leader, Leonid Brezhnev.

"We not only will consult with our allies in this great alliance before, but also afterwards, to make sure that our negotiations serve not only the cause of peace, but also the cause of freedom and everything it means to those who are privileged to be members of this great alliance," the President said at a luncheon.

The declaration, shaped to guide the alliance through its second 25 years, was made public a week ago after its approval in Ottawa at a meeting of the alliance's foreign ministers. The ceremony marked the formal conclusion of some 14 months of bargaining that began after Secretary of State Henry Kissinger called for a "Year of Europe."

The Ottawa declaration reaffirmed that the alliance's common defense was "one and indivisible" and that "an attack on one" was an attack against all. It restated the basic security interests of North America and the European allies, stressing that the security of the alliance was largely dependent on U.S. security forces.

Nuclear Contributions

Moreover, it stated that the European members, including Britain and France, which have nuclear forces, would contribute enough to maintain defense levels capable of "detering and if necessary repelling" Soviet attack. It added that American forces would be kept at levels in Europe necessary to deter attack and defend the North Atlantic area.

On the question of consultation, which has stirred transatlantic tensions, the alliance members pledged themselves to "frank and timely consultations" on common problems, including issues outside the alliance area, such as the Middle East. Much of the recent strain in the alliance stemmed from differences between the United States and its allies during the Middle East war in October.

The President spelled out his views on consultation and his

Moscow visit, among other issues, at a two-hour private meeting with the alliance leaders. Ronald Ziegler, the White House spokesman, quoted Mr. Nixon as saying that consultation "should not be viewed as a legally binding obligation."

Rather, Mr. Ziegler added, the President said that the purpose of the Atlantic document was to "symbolize a spirit of cooperation within the alliance" that the

United States "hopes will grow into a recognition that no member of the alliance should consider taking any actions... affecting the alliance without seeking the support and understanding of its members."

While officials of the European allies expressed satisfaction today with the assurances, the question remained of just how the pledges on consultation will work. There was no great sense of

historic occasion today as Mr. Nixon and the other leaders entered the main council room at NATO's permanent headquarters to sign the Atlantic declaration. In a sense the ceremony represented a delayed birthday party, coming some three months after the 25th anniversary of the alliance.

The document was carried around to each delegation and (Continued on Page 2, Col. 2)



Doubling up, President Nixon shakes hands and checks watch on way to Brussels lunch.

Released From Mental Hospital

Russia Frees Dissident Grigorenko

By Peter Osnos

MOSCOW, June 26 (WP)—Former Soviet Army Maj. Gen. Pyotr Grigorenko, a holder of the Order of Lenin who became a leading political dissident, was released today from a mental hospital after spending five years in detention.

Friends of the general's family said he looked well, but was tired and a little confused because he had learned only this morning that he was to be allowed to go home. Mr. Grigorenko, 61, spent the afternoon dining and toasting his freedom with port wine, the friends said.

Mr. Grigorenko's confinement without trial has received widespread publicity in the West over the years, and his sudden release now on the eve of President Nixon's arrival tomorrow for talks with Soviet party General Secretary Leonid Brezhnev is being interpreted here as a sign of growing Soviet sensitivity to the public relations aspects of détente.

"You must understand that we are only learning the importance of these things," one prominent Soviet expert on relations with the United States observed this week.

Visas for Panovs

He was commenting on the decision of Soviet authorities earlier this month to grant exit visas to Valery Panov and his wife Galina—another abrupt move to terminate a case that had become a human rights cause célèbre in the United States and Europe.

Mr. Panov, one of the Soviet

Union's best known ballet dancers, had requested permission to emigrate with his wife two years ago and was subsequently fired from his job with the Kirov Ballet in

Leningrad and subjected to personal harassment. The Panovs are now in Israel.

In recent months, a number of other Soviet intellectuals and dissidents seeking to leave the country have been given visas. And the most famous dissident intellectual of all—Alexander Solzhenitsyn, the writer—was sent into exile in the West rather than to jail, as he might have been in another era.

"Our decision on Solzhenitsyn has worked well," one Soviet official commented the other day. Mr. Grigorenko, of course, are internationally recognized, each in his own way. There are dozens of other persons still in difficulty who are not as well known.

In an open letter earlier this week to Mr. Nixon and Mr. Brezhnev, Andrei Sakharov, the dissident physicist, listed the names of 88 people now being held in prisons, mental hospitals or

(Continued on Page 2, Col. 1)

France, Iran to Sign Today Accord on Nuclear Energy

PARIS, June 26 (UPI)—France and Iran will sign a technical cooperation agreement on the peaceful uses of nuclear energy tomorrow, the French Foreign Ministry said today.

It was believed that the agreement would cover the sale of five nuclear power plants and the

supply of enriched uranium, plus training for Iranian technicians. But official details were not immediately available.

Shah Mohammed Reza, who is on an official visit to France, has said several times that he intended to conclude such an agreement. In talks with President Valéry Giscard d'Estaing today, the Shah's delegation included the secretary of state for atomic energy, Akbar Etemad.

The Shah today also called for a partnership between the Middle East oil states and the industrial powers of Western Europe. Iran could supply 50 percent of Western Europe's gas needs, he told a luncheon of French business leaders. He suggested that a gas pipeline could be built from Iran to Europe.

"Iran wishes to see a strong and united Europe," the Shah said. "We must assist each other and rely on a greater interdependence between our two areas."

The monarch's talks with President Giscard d'Estaing have centered on increasing trade ties on a basis of oil in exchange for nuclear and other technological assistance.

Petrochemical Complex

Iran is also ordering a petrochemical complex and other major industrial projects from France, officials said.

It will supply France with large quantities of crude oil and gas.

The Shah, who yesterday visited France's nuclear research center at Saclay, near Paris, is due to see the French nuclear power plant center in Marcoule, southern France, Friday before leaving for home Saturday aboard a French-British Concorde jet.

Prospective Jurors Questioned

Trial of Ehrlichman, 3 Others For Ellsberg Break-In Starts

By Robert Siner

WASHINGTON, June 26 (UPI)—The trial of the former White House chief domestic adviser, John Ehrlichman, and three co-defendants, on charges relating to the September, 1971, burglary of the office of Daniel Ellsberg's psychiatrist in Los Angeles opened today in federal court.

District Judge Gerhard Gesell started with a brief description of the case and immediately began questioning prospective jurors from an initial pool of 60 persons. Additional groups of jurors are available if necessary.

The judge said that the defendants are accused of conspiracy to violate the Constitution's prohibition of searches without a warrant through the break-in of the office of Dr. Lewis Fielding, a psychiatrist who had been treating Mr. Ellsberg.

Secrets Leaked

At the time, Mr. Ellsberg had been indicted for leaking the top secret Pentagon papers to the

news media. The purpose of the operation was to obtain Mr. Ellsberg's records so that a psychiatric study of him could be prepared.

Judge Gesell told prospective jurors that they should expect a trial of from four to six weeks. He said that the panel would be sequestered in a private college and that weekend visits by members of the jurors' families would be permitted.

Twelve jurors and six alternates are to be selected, a process that could take some time since Judge Gesell has allowed the defense 36 peremptory challenges and the prosecution 31. Using a peremptory challenge, an attorney can ask that a prospective juror be excused without stating any reason. Jurors also can be excused for cause when it is shown that some bias or some connection with the defendants, attorneys or witnesses exists.

The four men, Mr. Ehrlichman (Continued on Page 3, Col. 3)

Peace in Middle East May Cost U.S. Billions

By William Greider

WASHINGTON, June 26 (UPI).—The price of peace in the Middle East seems likely to include billions of dollars in aid and private investment from the United States.

Except for oil-rich Saudi Arabia, President Nixon talked bullishly about new dollars at every stop on his recent five-nation tour. Though he was always careful to warn that Congress has the last word, Mr. Nixon encouraged the impression he would do what he could to help.

A Senate foreign policy analyst grumbled: "He sort of smothered them in a Santa Claus fashion."

Actually, in the flurry of communications and speeches, Mr. Nixon didn't give away a dime. Except for the nuclear reactors promised to Israel and Egypt, practically everything he mentioned on his tour was already

known. Furthermore, State Department officials insist that no secret commitments were made. The list of possibilities, however, suggests that Congress will have to weigh the costs of peace in the years ahead. That might be, as one official noted, a lot cheaper than the costs of war in years past. Here are principal elements in that picture:

- A net increase of about \$500 million in military and economic aid to the Arab nations is already pending before Congress. This was cited by Mr. Nixon on his tour as symbolic of the new atmosphere of cooperation.

- President Nixon's promise of a long-term military assistance to Israel is at the moment far from being translated into dollars and cents. But the Israeli request would quadruple the stakes—\$2 billion a year compared to a normal level of \$450 million to \$500 million.

- The nuclear reactors prom-

ised to Israel and Egypt are to be sold, not given away, although U. S. taxpayers may wind up subsidizing them partially through the financing for the 600,000-kilowatt plants. According to sources, each will cost an estimated \$350 million, more than half of which would be in materials and labor from those countries.

The U.S. export value would be about \$150 million each with another \$26 million for the sale of a 10-year supply of fuel. If Congress does not block the sales, the projects could be financed through the Export-Import Bank which has provided partial low-interest financing for reactors sold to other nations. No decisions have been made on that yet.

According to Pentagon sources, additional arms proposals are in the works for Lebanon and Jordan, which will be small in modest in size. The more signifi-

cant question of whether the United States could become the major supplier of arms for Egypt is still unanswered, at least on the public record, although Israeli sources said they have been assured that the United States does not contemplate giving arms to Egypt or Syria.

In four countries, the U.S. has established joint commissions or similar machinery to stimulate investment or aid projects. In Egypt, for instance, Mr. Nixon spoke optimistically of private ventures from petrochemicals to banking, exceeding \$2 billion.

A State Department official, evaluating the presidential tour of the Mideast and its accomplishments, remarked: "What you really have is a proliferation of joint commissions. Saudi Arabia got one before the trip. Now everybody wants one."

Future progress on these items and others all depend, of course, on whether Israel and its Arab neighbors continue to take the road toward a permanent settlement of their differences. A special fund of \$100 million, for instance, is intended for Syria, but only if Syria behaves peacefully.

And several officials pointed out that, despite the big dollar signs, the U.S. taxpayers may not bear the major burden of Middle East development. "The capital is right there in the Middle East," said a White House aide. "If you're talking about 10 or 15 billion over the years, that money is already there."

The idea is that both arms sales and economic ventures in the Arab nations could be financed from the accumulation of capital flowing to the oil-rich sheikhs. U.S. business would lend its technology and get a piece of the investment.

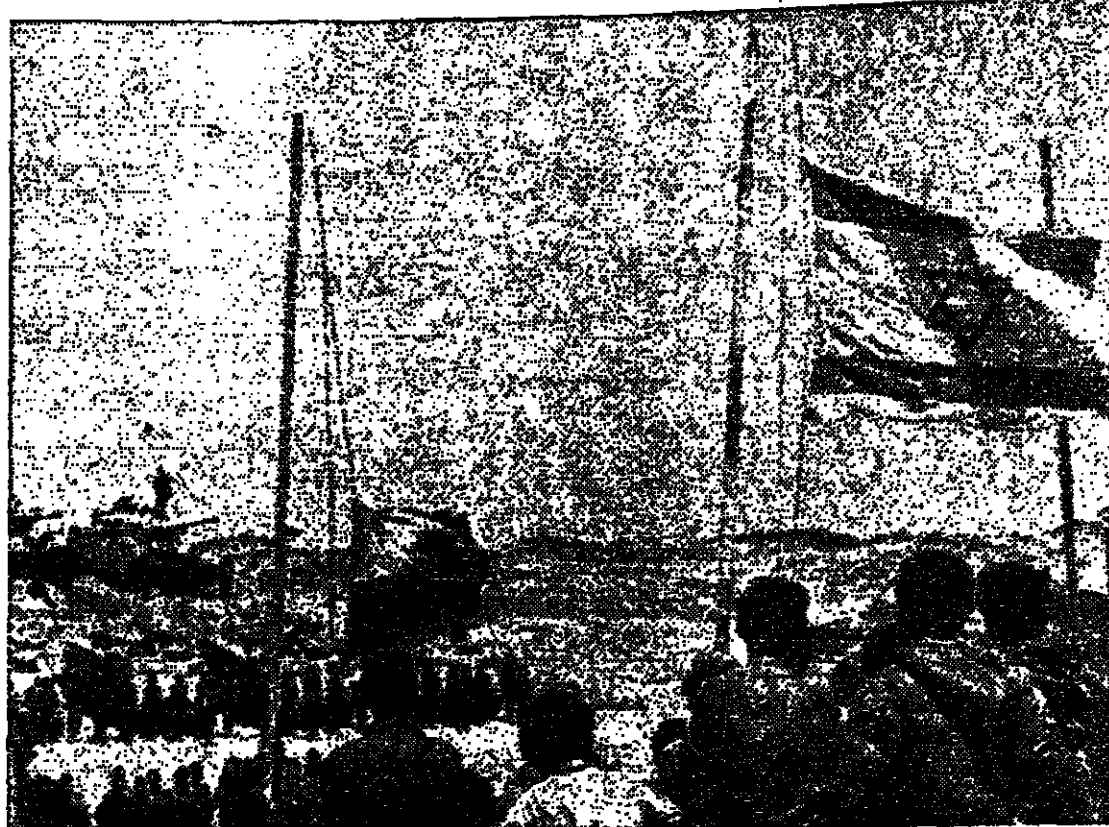
The settlement so far, however, has already raised expectations among the Middle East nations and the "even-handed" diplomacy in which the United States is to help both sides will require a delicate balancing between the adversaries.

Islam Conference Hits Aid to Israel

KUALA LUMPUR, Malaysia, June 26 (Reuters).—Islamic foreign ministers yesterday called on the international community to impose political and economic sanctions against Israel.

The call came in a 35-page joint communiqué issued at the end of the ministers' five-day conference here.

The communiqué requested "all nations which supply Israel with arms and political, economic, financial and human support, thus enabling it to pursue its aggressive and expansionist policy, to desist forthwith from doing so."



Israeli Star-of-David flag hoisted at post on Mount Hermon taken over by UN units.

Assad Raises Flag at Take-Over

Syrians Return to a Devastated Kuneitra

KUNEITRA, Syria, June 26 (AP).—Thousands of excited Syrians crowded into this shattered Golan Heights city today less than 24 hours after the withdrawal of Israeli forces ended seven years of occupation.

President Hafez al-Assad drove 35 miles on traffic-choked roads from Damascus to raise the Syrian flag over the remains of the city.

Joyous onlookers, including military leaders and cabinet members, clapped and shouted and tossed pink carnations into the air as he ran up Syria's black, white and red flag.

The pilgrimage in overloaded buses, trucks and taxis to this once prosperous city of 100,000 marked the formal take-over of the city by Syria. The first Syrians actually moved in yesterday afternoon, two hours after Israeli forces turned it over to the United Nations Disengagement Observation Force completing the separation of forces agreement.

Only a few of the city's buildings remained intact. These included a twin-steeped Christian church, a mosque and a hospital, and some buildings along the main street.

Most of the private dwellings appeared to have been leveled by dynamite blasts or other explosions. A former Swedish UN peacekeeping observer, who spent 15 months in the area, said the Israelis had often used the town to practice simulated assaults and other maneuvers, as well as target practice.

Buildings Blown Up One correspondent who visited the town in March, when it was still in Israeli hands, said a number of buildings had been blown up by the Israelis since then.

Hundreds of people poked in the ruins of their homes searching for possessions they could identify. Others grieved neighbors they had not seen in years. Most of them were apparently not aware of the extent of the destruction until they arrived here today.

One of them, Delb Dendash, 36, a stone worker, who has lived with his family in a Damascus refugee camp since fleeing seven years ago, said, "I didn't know our place was demolished until I arrived an hour ago. This is

very bad, I don't know what I am going to do now."

Premier Mahmoud Ayoubi told several newsmen, "We received no surprise in arriving in Kuneitra and seeing it destroyed like this."

"These houses were destroyed not by war, but the Israelis before they withdrew. Israel has always perpetrated acts of savagery against us, so this is no surprise."

Kuneitra was captured by Israel in the 1967 six-day war, but was captured virtually intact, as the civilian population fled, leaving behind a ghost town.

Only one old woman and one Syrian family are known to have remained in the town during its occupation.

Kuneitra is the main city in the Golan Heights and its "liberation" from Israel is re-

garded here as a great victory and the first step toward regaining the rest of the Golan Heights.

Under the separation of forces agreement the Israelis withdrew only to the western outskirts of the city and a number of Syrians who arrived here today found their homes still in Israeli-held territory.

Palestinian Warning

DAMASCUS, June 26 (UPI).—A spokesman for the Palestinian guerrilla military command said today the guerrillas plan to step up their operations inside Israel during the next three months.

"The coming three months will witness a marked development in the style and scope of our internal (inside Israeli) operations," the spokesman said at a news conference in Damascus.

Israel Threatens Reprisals As 4 Slain in Raid Are Buried

By Terence Smith

NAHARIYA, Israel, June 24 (UPI).—Several thousand mourners poured out their grief at a beachfront cemetery yesterday evening during the funeral for the four Israeli victims of the Arab guerrilla attack on this northern resort town.

Just 12 hours after the assault ended in a bloody firefight in which the three guerrillas were killed, the coffins of a 31-year-old mother, her son and daughter, and an Israeli soldier were lowered into sandy graves a few hundred yards from the Mediterranean.

The ceremony was the most restrained of the four such state funerals that have been held in Israel in the last 10 weeks as a result of a series of Arab guerrilla attacks on towns and settlements in northern Israel.

Distraught Women Several distraught women had to be carried away during the ceremony, but there was none of the violence and anger that marked the mass funerals for victims of the massacres at Kfar Shimon and Masna.

A tight security cordon was drawn around the beachfront cemetery apparently for fear that some guerrillas might still be in the area.

Heavily armed soldiers were posted along the beach and atop nearby buildings. Offshore, an Israeli patrol boat cruised, and an army spotter plane circled overhead.

Israel Warning Speaking for the government at the ceremony, Minister Without Portfolio Gideon Hausner warned that "if an Israeli family cannot sleep in peace on this side of the border, then there will be no peace on the other side of the border."

He said that the government was especially distressed that this latest attack had occurred on the final day of Israel's withdrawal from part of the Golan Heights in compliance with its troop-separation agreement with Syria.

"We had hoped that the concessions we made at the negotiating table would bring quiet along the borders and an end to the hatred," he said. "Instead, we have this."

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Nixon's Leg Still Swollen by Phlebitis but No Longer Hurts

By John Herbers

BRUSSELS, June 26 (UPI).—President Nixon's left leg continues to be swollen from phlebitis but is no longer painful, Ronald Ziegler, the White House press secretary, said today as Mr. Nixon walked the streets of Brussels shaking hands and chatting with admirers.

Disclosure of the extraordinary efforts that the President had taken to keep his ailment secret, along with some signs of fatigue that he had recently displayed, have once again raised questions as to how he is holding up under the strain of his Watergate troubles at home and his whirlwind travels abroad.

As Mr. Nixon, 61, met with European leaders and mingled with street crowds before his third summit meeting with Soviet leader Leonid Brezhnev in Moscow, beginning tomorrow, he was the picture of an active President in the role of world leader.

There was evidence, however, that he was making a considerable effort.

In a briefing today, Mr. Ziegler supplied, in response to questions, more details on the President's phlebitis, which Mr. Nixon had first detected in Washington the weekend of June 8 but did not report to his doctors until after he had arrived in Salzburg on June 10 en route to the Middle East.

Although most cases of phlebitis are mild and uncomplicated, sometimes blood clots associated with the ailment can lead to life-threatening situations. This is particularly true in conjunction with long airplane flights, when blood clots warm in the leg, break off and lodge in the lungs, according to medical experts.

Mr. Ziegler said that at Salzburg the doctors had found considerable swelling and had bound Mr. Nixon's left leg in an elastic

stocking. The President ordered his doctors and his staff not to disclose the ailment.

"It was the President's view that he did not want to travel through the Mideast and encounter the heads of state and governments that he met with everyone asking him how is his phlebitis, and spending time talking about the swelling of his vein and being concerned about his movements and so forth," Mr. Ziegler explained.

Mr. Nixon's doctors, the press secretary said, were considerably disturbed about the President's condition and tried unsuccessfully

to persuade him to curtail his activities. On the Mideast trip he was in some pain, Mr. Ziegler said, similar to that of a deep bruise.

He wore the elastic stocking through the trip, Mr. Ziegler said, and on returning to Washington he went to Camp David, elevated the leg and much of the swelling went down.

"The President, of course, is seen by the doctors on a daily basis. He is not at this time wearing a leg band," Mr. Ziegler said. "Dr. [Walker] Tkach, who examines the President every day, as does Dr. [William] Lukash,

U.K., France Argue About Nuclear Test

1st Meeting Between Chirac and Wilson

By David Haworth

BRUSSELS, June 26 (UPI).—British and French leaders changed sharp words here today during a breakfast meeting, a series of French nuclear tests in the Pacific.

Responding to "reprisals" made by the British on 10 days ago about tests, Premier Jacques Chirac, Prime Minister Harold Wilson, the "profound astonishment" the French president, government and people about British complaint.

He said that the British statements, which were conveyed to the French ambassador in London, were particularly inappropriate in view of the nuclear underground test of a nuclear warhead that the British carried out in Nevada.

Mr. Wilson countered by pointing out that the British test underground, whereas the French tests were atmospheric. He said the British were still posed to atmospheric tests, they welcomed the French assurance that the present is the last.

It was the two leaders. It placed just before the signing of the Ottawa declaration Atlantic relations by President Nixon and most government heads of the rest of the NA nations.

Some of the sting was removed from the brief argument at the tests by both sides agree that Mr. Wilson should go Paris next month to hold talks with French President Valéry Giscard d'Estaing. No final date has been fixed, but it is understood the meeting will be in the middle of the month.

The hope is that this meeting will substantially improve Anglo-French relations, which have been cool since the Labor administration came to power in May, and immediately embarked on renegotiating the terms Britain's Common Market membership.

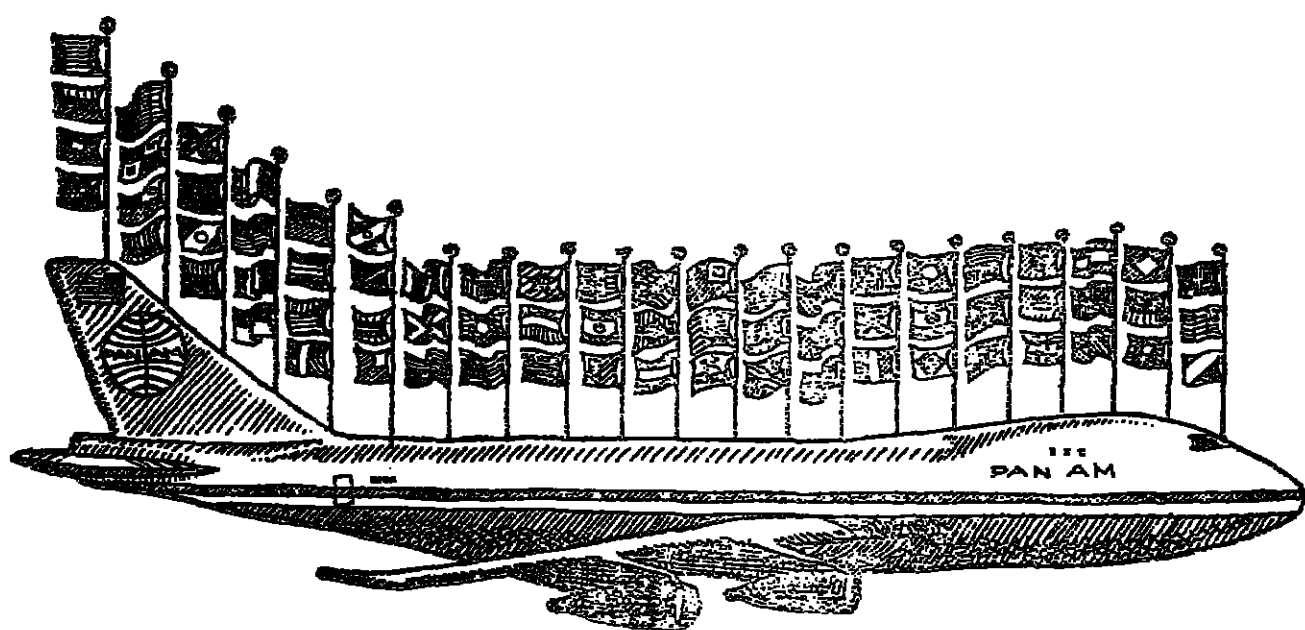
This topic was also discussed by Mr. Chirac and Mr. Wilson today. The French premier stressed that it was vitally important Britain to remain within the European Economic Community.

For his part, Mr. Wilson said Mr. Chirac that his government wished to continue membership and was negotiating that end. If the terms were right, and the British electorate had an opportunity to make its own judgment about then Britain would certainly stay in the EEC, he said.

Meanwhile, said Mr. Wilson, there was no question of Britain holding up any of the community's routine business or the negotiations were complete.

Later in the day, after the breakfast meeting, Mr. Wilson and Foreign Secretary James Callaghan, President Nixon and Secretary of State Henry Kissinger for hour of private talks. Little of these talks, which took place in the U.S. ambassador's heavily guarded residence emerged.

However, it was known that there was some discussion about oil and the problem of recycling the Arab nations' money derived from the increased oil prices. World energy problem was dealt with in the informal talks.



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They're staffed with experienced local people who can tell you about good, inexpensive restaurants and shops, let you in on local events, and send you on interesting side trips.

And when you fly "the full-service airline," one call does it all. Our world-wide communications system can make your reservations for flights to any destination, for hotels, car rentals, or

for our exclusive 747 dining room in First Class.

And Pan Am can make you feel at home in the air—relaxing in our comfortable jets, enjoying the latest films or right channels of stereo entertainment, and feeling the warmth of some of the world's most beautiful smiles.

Come fly with us. Contact your Travel Agent or Pan Am, and make yourself at home...in the world.

PAN AM
The world's most experienced airline.

هكذا عن العالم

News Analysis

Kissinger-Jackson Conflict Is Deeper Than Arms Pact

By Leslie H. Gelb

WASHINGTON, June 26 (UPI).—Sen. Henry Jackson and Secretary of State Henry Kissinger went the last few days trading charges and denials over what seemed to be misunderstandings of technicalities connected with the 1972 missile-limitation agreement. Above the public arguments, however, at least in the eyes of many of the participants, over the kind of deeper conflict, confusion and just plain misunderstanding that move and shake Washington.

On the surface, the issue was whether Mr. Kissinger had made no secret arrangements with Soviet leaders that could be interpreted as allowing Moscow to use nuclear missiles and binding Washington to fewer missiles than stipulated by the agreement. Neither side argued that Moscow was likely to take advantage of a loophole if one existed. But, simmering just below the surface, was a deeper philosophical and political conflict between Mr. Kissinger and Sen. Jackson and their supporters. Philosophically, they agree on how to improve relations with Moscow. Politically, Mr. Jackson's ambitions clash with the secretive style of Mr. Kissinger's diplomacy.

Confusion and Doubt. The dispute was set off by administration officials who were given information or a voice in their area of responsibility. Illustration, they went to Sen. Jackson and to the press, leading the claim that Congress had been properly notified about the agreement. Almost immediately, confusion and doubt seized, and the problem was compounded by this city's atmosphere of suspicion, generated by a series of events, under which every put the worst construction on the motives of others. How did it all happen? These are the events and the elements, according to aides of the secretary and the senator.

President Nixon and Leonid Brezhnev met in Moscow in May, 1972, to put the finishing touches on two agreements and to sign a treaty to limit offensive missiles. One was a treaty to limit offensive missiles and replace them with about 70 modern missiles. The other was a treaty to limit offensive missiles.

The problems on the defensive side were worked out in the opinion of the regular American negotiating team, one of the in the interim agreement remained unresolved. The negotiators told Mr. Kissinger that the protocol on submarine-launched missiles was ambiguous. It could be interpreted, they said, as allowing the Russians to replace old diesel submarine missiles and replace them with about 70 modern missiles. The limit of 950 prescribed in the face of the agreement.

Gave Assurance. Mr. Kissinger assured the negotiators that he and the Soviet side had reached that question. The total of 950 missiles could include any modernization, he said.

Sen. Jackson and a number of officials believe that this point could have been made clear in the agreement itself. In the rush to sign, they feel, "small matters" were brushed aside. Mr. Nixon and Mr. Kissinger told Soviet leaders that Washington would not exercise an option in the agreement to increase the number of American submarine-launched missiles from 5 to 10 by adding 50 older M-31 launchers. There was a program or desire to do so. The President and his party turned to Washington; the city and the agreement were submitted to Congress, as required by law.

Mr. Kissinger did not believe there was any ambiguity about submarine missiles. Those

administration officials who would testify before congressional committees on the missile agreement understood that there were no plans to exercise the option to increase the number of submarine launchers, though Mr. Kissinger did not tell them of the President's pledge to that effect. And so, in testifying, the officials said nothing to Congress about any ambiguity in the agreement, nor could they say anything about the President's pledge.

High-Level Meeting. During this period of congressional testimony in June, 1972, Mr. Kissinger held a high-level administration meeting on nuclear arms. A number of the participants asked him to formally resolve what they still considered to be an ambiguity, and he agreed to do so.

A memorandum in diplomatic language, an "agreed clarification," was drafted by Mr. Kissinger's National Security Council staff and presented to Soviet officials for acceptance. For weeks, the Russians resisted, insisting that they could build the 70 additional launchers, but on July 24, Mr. Kissinger and Soviet Ambassador Anatoly Dobrynin finally signed the memorandum. Mr. Kissinger's aides said that this document was limited because there was some question of whether a presidential adviser (Mr. Kissinger was not yet secretary of state) and an ambassador had the power to sign such a document. Sen. Jackson's aides say it was a cover-up.

Nothing was said to Congress about the memorandum because, as Mr. Kissinger explained this week, it merely confirmed what Congress had already been told. Almost a year later in Geneva, the American delegation to the strategic arms talks found out about the memorandum from the Soviet delegation. On July 24, 1973, a year after the memorandum was signed, it was distributed to the secretaries of state and defense and other senior officials.

When some Pentagon officials read it, they began to worry. One point of the memo, they believed, might be interpreted in such a way that the Russians could argue that the old loophole was not closed.

The Pentagon officials asked that the loophole be closed and that was agreed to. Somewhat later, Pentagon officials and others began to hear rumors about "a presidential pledge." They did not know the exact language of the pledge, and they were worried because another round of arms talks with the Russians was then going on.

Nixon Told Story. It was those officials who went to Sen. Jackson and the press. At the same time, Paul Nitze, the top Pentagon member of the American delegation to the arms talks, resigned and told his story to one of Sen. Jackson's subcommittees.

Last Saturday, the same day that the article was printed, Sen. Jackson and The New York Times received another piece of information: The loophole had been closed in Geneva last Tuesday. In fact, it had been negotiated several months ago, according to Mr. Kissinger's aides.

To the senator, it looked like a cover-up at the last minute. But to Mr. Kissinger and his aides, all of the charges were preposterous.

Five days have gone by since the latest Kissinger-Jackson clash began. Neither man, as is usual when titans do battle in Washington, has given any ground. The public got some insight into the complicated maneuverings of big-power diplomacy, however, and an even clearer view of what this city is like in the middle of a power struggle.

Aimed at Intelligence Secrets

CIA Chief Seeks Tough Law to Plug Leaks

By Laurence Stern

WASHINGTON, June 26 (UPI).—Legislation that would significantly broaden the government's power to bring criminal sanctions against employees or government contractors for disclosure of intelligence secrets is being circulated by the administration.

The measure, proposed by the House of Representatives, would give the CIA director the power to seek injunctions against anyone who leaks secrets to the press or to the public. It also would give the CIA director the power to seek injunctions against anyone who leaks secrets to the press or to the public.

The measure comes against a background of court battles on national security secrecy issues. In the past, the CIA has been sued by the press for disclosure of intelligence secrets. The measure would give the CIA director the power to seek injunctions against anyone who leaks secrets to the press or to the public.

Black 'Army' Claims Killing 2 Fla. Whites

JACKSONVILLE, Fla., June 26 (AP).—In a set of tape recordings, a group identifying itself as the "Black Liberation Army" vowed Monday to continue a racial revolution it says began with the execution of two white youths. The police said three voices were on the recordings received in the mail by two television stations and a radio station. The unidentified persons claimed responsibility for the fatal shooting last week of Stephen Roberts, 17, as they had in earlier tapes and notes for the death of Steven Orlando, 18.



FEEDING TIME—A well placed penguin looks like a winner in the race for the bucket of fish just brought in by a keeper at the zoo in Chessington, England.

Ehrlichman, 3 Co-Defendants

Trial for Burglary of Psychiatrist Starts

(Continued from Page 1)

and three already convicted for the burglary of Democratic headquarters in June, 1972, Gordon Liddy, Bernard Barker and Eugenio Martinez, were formally charged with one count each of violating the civil rights of Dr. Felling by breaking into his office "without legal process, probable cause, search warrant or other lawful authority."

In addition, Mr. Ehrlichman was charged with one count of making false statements to the FBI and three counts of making false statements to a federal grand jury. He faces up to 30 years in prison and a \$50,000 fine. The others face a minimum of 10 years and \$10,000.

The President's former No. 2 aide also is under indictment on charges growing out of the cover-up in the burglary at Watergate.

and the bugging of the Democratic National Committee headquarters there.

Original Indictment

The original indictment, returned March 7, also named the former White House special counsel, Charles Colson, and Felipe DeDiego among the defendants, but Judge Gesell ordered charges against Mr. DeDiego dismissed. Mr. Colson pleaded guilty to a related charge. He was sentenced to one to three years in prison and a \$5,000 fine.

At today's session Judge Gesell also read a list of 57 persons expected to be called as witnesses in the trial including Secretary of State Henry Kissinger, White House chief of staff Alexander Haig, former Treasury Secretary George Shultz, White House counsel Leonard Garment, Marine Corps Commandant Gen. Robert Cushman, Assistant At-

torney General Henry Petersen and others. He asked if any of the jurors were personally acquainted with any of them.

The judge asked prospective jurors whether any of them had reached a fixed opinion about the guilt or innocence of any of the four on trial. At the point three women stood up and were excused by the judge.

Judge Gesell then asked the panel whether, because of what they had read, heard or seen in news reports, any of them would be unable to make a just and impartial decision. All indicated that they had not been biased by the news reports.

Mr. Ehrlichman, who resigned his White House post 14 months ago, did not speak to any of his co-defendants as the trial progressed. Attorneys for the four meantime looked over their notes and closely studied the faces of the prospective jurors.

Previous Statements

According to previous statements, the burglary was carried out by a White House special unit known as "the plumbers" which had been formed under the general approval of President Nixon to stop security leaks.

Mr. Ehrlichman's assistant Egil Krogh and David Young, a member of Mr. Kissinger's National Security Council staff, were placed in charge.

Krogh pleaded guilty to violating the rights of Mr. Ellsberg's psychiatrist and was sentenced to six months in jail. He was released Friday. Mr. Young was granted immunity in return for his testimony. Both will be prosecution witnesses at the trial.

According to Colson, the President told him in June, 1971, that the leaks must be stopped and said, in effect, "I don't give a damn how it is done, do whatever has to be done to stop these leaks and prevent further unauthorized disclosures. I don't want to be told why it can't be done." He said last week that Mr. Nixon had "urged" him to spread derogatory information about Mr. Ellsberg.

During the pretrial hearings the defendants claimed that they had been acting in the national security interest but this claim was emphatically rejected by Judge Gesell.

Pakistan Denies Slaying Reports

ISLAMABAD, Pakistan, June 26 (AP).—The government denied opposition charges yesterday that more than 850 people had been killed as a result of military operations in the troubled province of Baluchistan. But it admitted that "acts of belligerency" were on the increase.

The Awami party's Sen. Abdul Wahid Kurd, of Baluchistan, said in a telegram to party leader Khan Abdul Wali Khan, who is also spokesman for the opposition parties: "Incessant air raids and rocket shelling have already killed more than 850 men, women, and children and annihilated over 10,000 head of cattle."

Prime Minister Zulfikar Ali Bhutto ordered an end to army operations against guerrillas in the province May 15, but troops have remained to build roads. The job of controlling insurgency was handed to local militia.

Abdul Hafeez Pirzada, minister for law, education and parliamentary affairs, denied the opposition charges.

Senate to Get Bill on Powers Of President

Measure Would Limit Moves in Emergencies

By William L. Claiborne

COEUR D'ALENE, Idaho, June 26 (UPI).—A bipartisan coalition of Senate leaders will introduce legislation to strip the American president of national emergency powers that have accumulated over a period of four decades. Sen. Frank Church, D-Idaho, said here yesterday.

The emergency powers, Sen. Church said, are like a "loaded gun lying around the house" because of abuses of power associated with the Watergate scandal.

"Fool men continue to succumb to the temptations of great power. These are times when we can ill afford to let that power go unchecked," Sen. Church told the annual conference of the National Association of State Attorneys General here.

Currently there are four declarations of national emergencies dating to President Roosevelt's declaration in 1933 to deal with the depression and President Truman's declaration in 1950 during the Korean conflict.

The more recent ones were issued by President Nixon in March, 1970, during a protracted postal workers' strike in New York City, and in August, 1971, when the first wage and price freeze was announced.

None Repealed

None of the national emergencies has been formally repealed. As a result, the President is empowered to invoke more than 470 laws which, Sen. Church said, "Congress expected would be used only in times of great crisis."

Sen. Church warned that under the laws a president may seize property without due process, control industrial production, seize commodities, assign military forces abroad, institute martial law, seize and control all transportation and communication, regulate private enterprise and restrict travel.

"You should know that this vast range of powers, taken together, confers enough authority on the President to rule the country without reference to normal constitutional processes," Sen. Church said.

He said the new bill would allow presidents to proclaim a national emergency only when there is an invasion of the United States, a declaration of war by Congress, an economic disaster, an internal insurrection in support of a foreign power or a catastrophic natural disaster. By concurrent resolution, Congress could either end the emergency declaration immediately or extend its life.

Costa Rican at Talks

SAN JOSE, Costa Rica, June 26 (AP).—President Daniel Oduber of Costa Rica will leave for Europe tomorrow to participate in the world Socialist leaders' conference in London this weekend, the government said. Mr. Oduber is the only representative of Latin America to take part in the three-day meeting, the government said.

High Court Rules No Counsel In Prison-Discipline Actions

WASHINGTON, June 26 (AP).—The Supreme Court ruled 6-3, today that prisoners undergoing disciplinary proceedings do not have the right to be represented by lawyers.

The court overturned a U.S. Circuit Court ruling that had extended the right to counsel to prisoners in the Nebraska penal complex.

The Supreme Court, however, upheld the lower court's finding that the inmates are entitled to certain other guarantees of due process of law in the disciplinary proceedings.

Justice Byron White, speaking for the court, said that prisoners must be given at least 24 hours written notice of scheduled appearances before the disciplinary body.

He said that the notice must include a written statement of the evidence. The inmate should be allowed to call witnesses and present evidence in his defense if it will not jeopardize the safety or goals of the institution, Justice White wrote. But he said that the inmate has no constitutional right to cross-examine witnesses and no right to counsel.

"The insertion of counsel into the disciplinary process would inevitably give the proceedings a more adversarial 'ast' and tend to reduce their utility as a means to further correctional goals," the court majority said.

Justice Thurgood Marshall, dissenting, said that a disciplinary hearing held under those conditions would "amount to little more than a swearing contest."

"Without the enforceable right to call witnesses and present documentary evidence, an accused inmate is not guaranteed the right to present any defense beyond his own word," Justice Marshall wrote. "Without any right to confront and cross-examine adverse witnesses, the inmate is afforded no means to challenge the word of his accusers."

In other action, the court: • Ruled that federal judges may not delegate to magistrates the authority to hold evidentiary hearings on habeas corpus petitions by prisoners seeking release. The 7-to-3 decision restricted the kind of work magistrates may do under a 1969 law designed to relieve the work load of federal courts.

• Dealt a blow to Justice Department efforts to block big

42 Tons of Marijuana Seized in Mexico

WASHINGTON, June 26 (AP).—The Drug Enforcement Administration and Mexican authorities have carried out what they call the biggest single seizure of marijuana in history, netting 42 tons of the weed in the border city of Mexicali, Mexico.

Announcing the joint operation, DEA administrator John Bartsels Jr. estimated the marijuana's U.S. street sale value at \$22.8 million. Mr. Bartsels said Mexican police were holding seven men for questioning. About 2 1/2 tons of marijuana was found inside each of two tanker trucks stopped at the border while they were en route from Mexicali to California. The rest was discovered at a Mexicali warehouse in "a huge secret cavern beneath the concrete floor," the DEA said.

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Viet Cong Kill 10 in Blasting Saigon Camp

52 Dependents Also Feared Dead or Hurt

SAIGON, June 26 (AP).—Viet Cong sappers blasted their way into a special forces training center 20 miles east of Saigon early today, blowing up five barracks. The national police command said 10 government soldiers were killed and 15 wounded and 52 army dependents living in the compound were killed or injured. Six of the attackers died and one was taken prisoner, a spokesman said.

The Saigon command said the Viet Cong invaded the center under cover of a rocket and mortar barrage and hurled explosives into the barracks.

Newsmen and Indonesian members of the International Commission of Control and Supervision were barred from entering the base after the blast. This aroused the suspicions of the newsmen because the government had barred them from another training center two months ago in an attempt to keep them from hearing the truth about an attack.

17 Killed in April
In that incident, 17 trainees were killed and 118 wounded on April 25 at an infantry school, 10 miles north of Saigon. The government at first said the Viet Cong shelled the camp, but later admitted some recruits had thrown hand grenades into a crowded auditorium. The government claimed the grenade throwers were Viet Cong sympathizers.

In Cambodia, the government reported the Khmer Rouge had stalled the drive to retake Oudong, the provincial capital, 23 miles north of Phnom Penh, which the insurgents captured in March.

The government is trying to recapture Oudong as part of a campaign to reopen its supply lines from the rice fields of northwest Cambodia. A military spokesman also reported that Kompong Sella, a besieged provincial capital 30 miles southwest of Phnom Penh, was hit by an estimated 600 mortar and artillery rounds. The spokesman said three Khmer Rouge and one government soldier were killed.

Baku, Once Soviet Oil Center, Hunts 'Black Gold' in Caspian

By Christopher Wren

BAKU, U.S.S.R., June 26 (NYT).—An unmistakable whiff of oil hangs in the warm, dry air—not an unpleasant scent as it mingles with the fragrance of the lush foliage along the waterfront promenade of this Caspian Sea city.

Baku, the capital of the Azerbaijan Republic, was once the oil center of the Soviet Union. It has since been eclipsed by the vast new oil field of Siberia, although it remains an oil-refining center and the largest port on the Caspian Sea.

Idle derricks are scattered across the arid landscape; the search for new oil deposits in this area has reached out into the salt waters of the Caspian.

Soviet geologists report that they have drilled down more than 21,000 feet on land and 18,000 feet offshore, and intend to reach still farther down. As discoveries dwindle, gas or steam is injected to pump up the chocolate-colored crude oil, a process that has made extraction more expensive than in Siberia.

Under the relentless thrust of

Soviet five-year plans, petroleum-rich Baku was supplying up to 70 percent of the nation's oil during World War II.

But the reserves dwindled until last year Baku provided less than 3 percent of total oil production, or 11.8 million metric tons out of an overall total of 421 million tons. This was less than half the figure of Baku's wartime peak.

This year, its quota was cut back by nearly 400,000 tons. On the other hand, Baku's natural-gas production plan has been raised by a billion cubic meters to seven billion cubic meters this year.

Explorers pushed into the Caspian Sea after World War II, taking the first oil from offshore rigs in 1949. Now, according to statistics, two-thirds of the oil comes from the seabed. Some 75 miles offshore, an artificial complex sprawls along eight miles of steel braces resting on pilings sunk 140 feet below the water's surface. About 5,000 workers labor there in shifts to extract the oil.

Modern-Flavored Life

The population of Baku—now 1.3 million residents—has been swelled by infusions of Russians, Armenians and persons of other Soviet nationalities, but the city has never quite lost a Middle Eastern character bestowed by its native Azerbaijanians.

The few remaining mosques throw up their minarets among the shabby Soviet buildings. Men linger over their bitter coffee in shady open-air cafes. "We are Moslems here, not Russians," asserts an unshaven taxi driver in a floppy cap. The worry beads with which Azerbaijanian men occupy their fingers are now mass-produced by the state—for 1 ruble 40 kopeks, or about \$1.87, a set.

With its oil heyday behind it, Baku still remains an oil town in its sprawling refinery district, dubbed the Black City, where flames flicker in the wind against the night sky.

Japan's Whalers Decry Ruling on Protecting Stocks

TOKYO, June 26 (Reuters).—The Japan Fisheries Association today said a new International Whaling Commission ruling would deal a heavy blow to the Japanese whaling industry.

The association said the ruling threatened over half Japan's usual whale catches and added that Japan was carefully studying whether to object to the IWC decision.

In London yesterday, the 15-nation IWC adopted an Australian proposal that would place an automatic ban on hunting those whale stocks which fell below certain levels. It was aimed at placing a total ban on catches of fin whales whose stocks are reported to be drastically below the sustainable yield. Fin whales account for more than half of Japan's annual whale catches.

Turkey Said Set To Reseed Poppy

ISTANBUL, June 26 (UPI).—Turkey will restart growing the opium poppy this fall, an influential Istanbul daily said today.

A government resolution authorizing opium poppy cultivation in Turkey will go into effect before July, the Istanbul newspaper Cumhuriyet said. Cultivation was banned in 1971.

The United States had urged Turkey to ban opium poppy cultivation on grounds that most of the harvest consumed by American addicts was being derived from Turkish poppies.

Turkey's five-month-old coalition government, headed by Premier Bulent Ecevit, reversed the ban, claiming it an "irreparable loss" for the peasants of poppy growing provinces. Mr. Ecevit also promised stringent measures to prevent the poppy finding its way into the hands of narcotics pushers.

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FARRIS ISLAND?—Nope, the man looking like a Marine Corps drill instructor is a Massachusetts state trooper bawling out Kathleen Gray, one of two women, the first, to be enrolled in the 17-week state trooper training course at Framingham.

Disappeared Oct. 5, 1971

Skeleton of Missing Ex-Spy Is Found in His London Home

LONDON, June 26 (AP).—An inquest will be held tomorrow to probe the death of a former British spy whose skeleton was found locked in a lumber room of his West London home.

Sir John Peregrine Henniker-Heaton, 68, an intelligence expert on the Middle East, disappeared Oct. 5, 1971, after telling his family he was going for a walk.

Two days later his wife, Lady Margaret, reported him missing and police began a nationwide search that later spread across Europe to the Middle East. There were rumors that he had been kidnapped and murdered by Arab terrorists because of his intelligence connections.

On Sunday, Sir John's son, Yvo, found a key to the lumber room, attached to the back of the gabled, Victorian house, opened it and found his father's skeleton slumped on the edge of a bed. The family said that Sir John sometimes used the room to smoke and read.

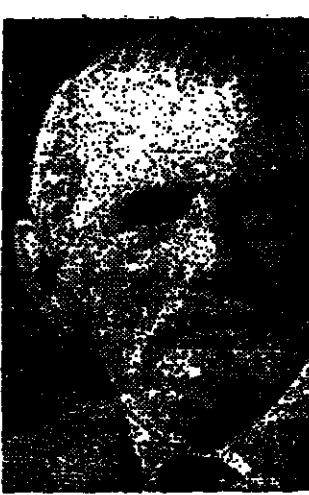
Next to the skeleton was an empty bottle, which police believe may have contained tablets, and a tray of cigarette butts. In the suit pocket was a note to his wife saying that he could not carry on and requesting a minimum of fuss over a funeral.

Scotland Yard was reportedly embarrassed about the discovery because the room had not been searched during their investigation. The family reportedly had told police that the house had already been thoroughly searched.

After an examination of the remains yesterday, the cause of death was still unestablished. Police reportedly were satisfied that Sir John committed suicide. But a police spokesman said: "We may never know the answer."

One of the puzzles is why the family's three dogs and a male lodger who lived in a room adjoining the lumber room did not detect the dead man's presence.

During World War II, Sir John worked for Britain's foreign in-



Sir John

telligence unit, and after the war was in charge of Royal Air Force Police in Palestine, during the British mandate there. He remained until 1948 and during that time his car was blown up three times by terrorists.

Sir John retired from the RAF in 1958 with the rank of wing commander. But he continued his involvement with the Middle East, serving as a member of the council of the Anglo-Arab Association.

France May Limit Its Oil Imports, Minister Warns

PARIS, June 26 (AP-DJ).—Finance Minister Jean-Pierre Fourcade said today that France was prepared "to go as far as rationing oil imports, whatever the consequences" in order to restore its trade balance.

"France has good trump cards to reduce its trade deficit, the deficit of which is currently between two and three billion francs a month," Mr. Fourcade told a business gathering.

The minister reiterated that domestic demand should be checked to enable a larger share of French production to be exported.

Mr. Fourcade said domestic demand as well as demand for imported industrial equipment was such that France's trade would be in deficit even if the price increases of raw materials and oil were deducted.

25 IRA Suspects Quizzed In Series of Belfast Raids

BELFAST, June 26 (UPI).—Police interrogated 25 suspected Irish Republican Army activists arrested early today in raids on Roman Catholic areas of Belfast, officials said.

The raids, conducted by British troops, took in 50 suspects, including some women, but 25 were released within four hours of their arrests in the Falls Road, Andersonstown and Turf Lodge areas, police said.

The arrests coincided with persistent reports that the Provisional Wing of the IRA is conducting a hunt in its own ranks for a suspected informer.

Security forces declined to comment, but they indicated past arrests of key provisionals have followed tips from within the organization.

IRA Torture Reports
Northern Ireland government officials also declined to comment on reports the IRA was using torture in the interrogation of its members.

In Londonderry, a Roman Catholic bishop today called the IRA an evil force in one of the harshest attacks ever made against

British Move Troops Into Heathrow

Security Tightened At London Airport

LONDON, June 26 (UPI).—Armored regiment troops moved into Heathrow Airport today and scheduled flights for Queen Elizabeth, royal family members and Prime Minister Harold Wilson were canceled or diverted because of a threatened terrorist attack, airport sources said.

The sources said the airport was threatened with an attack planned for 3:30 p.m. One source said the threatened attack involved the Palestinian guerrilla organization al-Fatah.

Asked about the report, the Home Office said: "There is nothing to add to our earlier announcement."

In its earlier announcement on the movement of army troops in battle dress at Heathrow, along with police roadblocks and intense security checks, the Home Office said:

"Security measures at Heathrow need to be intensified from time to time in the light of assessments made about the likelihood of terrorist activity, of which there is a constant general threat. "Extra precautions are being instituted today which include an increase in the number of police and military personnel. These have been taken in the light of the current assessment."

Mr. Wilson's Royal Air Force Comet had been scheduled to land at Heathrow at 4:45 p.m. on his return with Foreign Secretary James Callaghan from the NATO talks in Brussels.

Flights for the queen, Prince Edward and Princess Margaret, scheduled to leave from Heathrow today, were canceled, the British Airport Authority said. By 3:30 p.m., hundreds of soldiers and armed policemen were waiting in the No. 3 long distance terminal.

A top-ranking army officer said that this was "the biggest military operation carried out in Britain since the war." Troops will be heavily armed and a number of regiments are involved in the operation, he added.

London newspapers said the military occupation was mounted because of intelligence reports from the Middle East that Israeli, American and British aircraft operating from Heathrow were targeted for guerrilla attacks.

The troops, mostly members of the Blues and Royals Armored Regiment, rolled into Heathrow about 2 p.m. and some went to work putting up tents.

"We have been told to stay nothing about the army sergeant said. "I can't even tell you what these tents are for. We are not sure ourselves what we are doing here."

Police roadblocks caused long traffic jams on roads leading to Heathrow, where motorists were made to get out of their cars in a steady rain and open trunks for inspection. Some passengers were late for flights, but planes took off and landed on schedule.

Briton Convicted Of Violating A Burial Vault

LONDON, June 26 (Reuters).—The self-styled high priest of the British Occult Society was found guilty yesterday of two charges after a trial involving macabre stories of satanic rites, desecrated tombs and eerie attempts to bring corpses back to life.

Robert Parratt, 38, had denied six charges connected with interfering with tombs and bodies London's Highgate Cemetery burial place of Karl Marx.

He was found guilty of maliciously damaging a memorial to the dead, and of unlawfully entering a vault. He will be sentenced later.

The case was one of the macabre heard at the Central Criminal Court since the historic body-snatching trials of the 17th and 18th centuries. Three of the charges, involving interference with a body "to the great scandal and disgrace of religion, decency and morality," were last brought more than 70 years ago.

25 IRA Suspects Quizzed In Series of Belfast Raids

BELFAST, June 26 (UPI).—Police interrogated 25 suspected Irish Republican Army activists arrested early today in raids on Roman Catholic areas of Belfast, officials said.

The raids, conducted by British troops, took in 50 suspects, including some women, but 25 were released within four hours of their arrests in the Falls Road, Andersonstown and Turf Lodge areas, police said.

The arrests coincided with persistent reports that the Provisional Wing of the IRA is conducting a hunt in its own ranks for a suspected informer.

Security forces declined to comment, but they indicated past arrests of key provisionals have followed tips from within the organization.

IRA Torture Reports
Northern Ireland government officials also declined to comment on reports the IRA was using torture in the interrogation of its members.

In Londonderry, a Roman Catholic bishop today called the IRA an evil force in one of the harshest attacks ever made against

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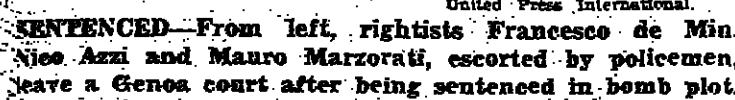
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Jpy, col 150



By Malcolm W. Browne

BEGRAD, June 26 (NYT).— Measures by the Yugoslav government to eliminate dissent in the nation's universities appeared to have moved an important step forward yesterday with the conviction here of a 21-year-old student charged with disseminating hostile propaganda.

A court sentenced Vladimir Palancanin, a student at Belgrade University's faculty of philosophy, to 10 months' imprisonment, but allowed him pending appeal. He had been in jail since his arrest in March.

But the text of the court order banning the resolution included the full student resolution as part of the record.

Later, Mr. Palancanin spoke before a student assembly and read the entire text of the court order, including the original resolution.

It was not having done so that he was arrested.

Mr. Palancanin's lawyer argued before the court that his client had merely read the court order, which placed the resolution in a different context.

The origin of the case was a student resolution prepared by dissident students early this year at a meeting in Ljubljana attended by representatives of the three major national universities of Ljubljana, Zagreb and Belgrade.

Leadership Criticized

The resolution strongly criticized the current leadership of Yugoslavia by the communists and stated that the ideology of the party and its leaders had become corrupted.

The group that drew up the resolution, supported by certain professors and other academic dissidents, advocates "Marxist Humanism" and is sometimes described as the "New Left."

The resolution was suppressed in an order by a Zagreb court, which meant that it could not in any way be disseminated publicly.

But the text of the court order banning the resolution included the full student resolution as part of the record.

Later, Mr. Palancanin spoke before a student assembly and read the entire text of the court order, including the original resolution. It was for having done so that he was arrested.

Mr. Palancanin's lawyer argued before the court that his client had merely read the court order, which placed the resolution in a different context.

But beyond the trial itself, the government was clearly preparing for further action. At the focus of the situation are eight professors of the faculty of philosophy at Belgrade known for their outspoken criticism of the government of President Tito. All eight are Communists and have a sizeable student following.

Working within the faculty organization was the faculty earlier this year, government and Communists succeeded in getting university rules changed in such a way that the eight professors could be ousted from their teaching posts.

The government has taken no further steps against them, and from the earlier refusal by Belgrade authorities to grant any of the eight passports to leave the country.

By Paul Hoffmann

ROME, June 26 (NYT). — A rally here today of many thousands of discontented farm workers from throughout the country heralded a new wave of strikes and other protests against the way the government plans to tackle Italy's grave financial troubles.

The nation's 1.7 million members of farm workers unions have been ordered to walk out all day tomorrow. Several more millions of industrial workers will hold four-hour stoppages tomorrow.

The farmers who paraded with their tractors across central Rome, from the Colosseum to Piazza Navona, were demanding measures to overcome the present crisis in Italy's agriculture, caused by archaic farm structures and methods at home and aggressive competition from abroad.

The workers' strike is for a nationwide work contract with higher pay and a guaranteed minimum income. The stoppages in industry are ostensibly in support of the agricultural workers.

Spokesmen for organized labor, however, are making it plain that the workers actually are demonstrating against the government on the ground that it is squeezing wage-earners and

The "Metal Workers' Federation, which groups Communists and non-Communists in one of the most militant segments of the trade-union movement, stated earlier this week that tomorrow's walkouts were meant as "the first move of a general mobilization" of labor against the government's austerity program.

The Construction Workers' Federation has called its members to protest against the credit curbs that are a part of the government's austerity package, warning that the measures to restrict borrowing from banks would soon produce 200,000 jobless men in the public-works sector alone.

The coalition cabinet of Premier Mariano Rumor all but fell apart earlier this month in squabbles over how to bring Italy

back from the brink of national bankruptcy. Elements in the present emergency are a widening gap between imports and exports, a continuous heavy lira outflow, inflation at the annual rate of 30 percent at home, foreign indebtedness of many billions of dollars, and difficulties in raising new international loans.

After long negotiations, the four parties backing Mr. Rumor salvaged his cabinet by agreeing in principle on a fiscal austerity package. It foresees new taxes for almost \$5 billion—about a sixth of the entire state revenue—in the next 12 months to contain consumption and imports, fight inflation and provide new funds for the government.

Labor critics noted that the proposed package would weigh most heavily on workers and

other salaried Italians, whereas high-income Italians would be let off lightly.

Mr. Rumor is to present the government's austerity program to parliament tomorrow.

Only after debates and confidence votes in the Chamber of Deputies and the Senate, and after the long-delayed showdown with organized labor, will the government be able to enact the austerity measures. July 15 is generally seen as the target date.

4 Rightists Sentenced

GENOA, June 24 (UPI).--A Genoa court sentenced four rightists to long jail terms yesterday in connection with a train bombing last year.

The court convicted the four of attempting to commit a massacre for the purpose of endangering state security.

Giancarlo Rognoni, the alleged mastermind of the plot who fled to Switzerland and was tried in absentia, was sentenced to 33 years imprisonment. Nico Azzone and Mauro Marzorati were given sentences of 30 years and six months each and Francesco de Mita was given 14 years.

Azzi and Marzorati, both 33, were arrested April 7, 1973, after a detonator that Azzi was preparing in a toilet of the Turin-Rome express exploded, wounding him.

ROME, June 26 (AP).—Three masked bandits wielding pistols and submachine guns held up a Rome-Turin express train before dawn today, killed a policeman and made away with mail bags.

The gang boarded the train at Rome's main station and broke into the mail coach shortly after the train's departure. They gagged and tied up three post-office employees, shot a policeman who had put up resistance and threw him off the speeding train. Then they pulled the alarm signal and, as the train stopped some 20 kilometers outside Rome, they jumped off with a number of mail bags.

The bandits ran to the nearby Via Aurelia highway, stopped a car at gun point, ordered the motorist and three passengers out and fled in it toward Rome. The policeman's body was found later near the tracks.

Police said they could not immediately determine what the loot was. The bandits, they said, may have gone off empty-handed. A submachine gun, masks and a bag full of mail and checks had been abandoned. The motorist reported he saw no mail bags in the bandits' possession.

There were unconfirmed reports that the mail wagon was carrying gold ingots.

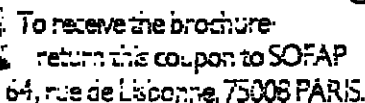
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Presidential Journey

President Nixon's eight-day journey to Brussels and Moscow focuses on the future of détente with the Soviet Union; but it began fittingly with a summit meeting of the NATO allies, the first in 17 years.

The signing of the Atlantic declaration in Brussels yesterday was more than a symbolic event. It put the approval of chiefs of government on a lasting re-commitment to Western unity in the 25th anniversary year of history's most successful peacetime alliance.

The task of managing the increasing interdependence of the United States and a uniting West Europe in the last quarter of the 20th century is just beginning and it will require new attitudes and new institutions which are still only vaguely seen. The intensive dialogue of the last 14 months, set off by Henry Kissinger's April 1973 "Atlantic Charter" speech, undoubtedly will resume when the secretary of state visits the main Western capitals en route home from Moscow.

Meanwhile, what is most urgent is to consolidate the East-West accommodation during Nixon's week-long talks with Leonid Brezhnev. The President's discussions with other Western leaders were an essential preliminary. Nixon's voice in Moscow will be strengthened by allied support. Allied concerns about "superpower condominium" should be significantly eased.

The three-fold purpose of the Moscow meeting, as summarized by Secretary Kissinger, is to maintain a dialogue on world events, to further contain the danger of nuclear confrontation and to continue the process of building peace through a "web of interests" between the Soviet Union and the West.

MIRV multiple warhead missiles are at the core of the two projected negotiations at Moscow on nuclear weapons, one for a limited underground nuclear test-ban and the other for a step forward in the second round of the Strategic Arms Limitation Talks (SALT-2).

The SALT discussions will center on

Brezhnev's March proposal to extend the 1972 five-year interim agreement on offensive missiles, meanwhile limiting to an agreed number— which Washington considered much too high—the replacement of existing Soviet launchers by new, more powerful MIRV missiles. President Nixon is willing to accept the Brezhnev concept if the numbers, types, locations and verifiability of the replacement missiles can be agreed on—and held below a level that might give the Soviet Union a first-strike capability against American land-based missiles.

As to the nuclear test-ban, Brezhnev wants to set a timetable for reaching a total ban on underground explosions. Verification difficulties will limit the initial ban to larger tests, which can be detected without on-site inspections. Even this limited step has value, for it can help to head off the development of a new generation of more accurate and more powerful MIRV warheads that could create fear that the other side was achieving a first-strike capability.

The Moscow summit will also see a discussion of the Middle East and European problems. There will probably be agreements on transport, urban development, agriculture and medical cooperation, as well as a framework treaty on commerce and friendship, none of which will be spectacular. Real headway on trade and credits depends on an administration compromise with Congress, affected not only by the emigration issue but by doubts about the future of détente stemming from the Mideast war and Russia's missile build-up.

It is precisely these doubts and the need to keep the momentum of détente going that lends importance to this third annual summit meeting of the world's two most powerful nations. It is a meeting that is less likely to achieve spectacular new progress than to consolidate the relationship that has thus far been achieved. It will, in effect, be more or less a routine encounter. But, then, who would have believed a few years ago that Soviet-American summits could become "routine"?

THE NEW YORK TIMES.

Mocking the Dead

Last year, when the authorities in Khartoum captured eight "Black September" gunmen who had tortured and killed a Belgian and two U.S. diplomats, the Sudanese government condemned the outrage and promised to bring the criminals to justice. The Sudanese foreign minister called the brutal killings "a criminal act" to be prosecuted and punished. Sudan's President Numeiri himself denounced the barbarous deed on television.

The civilized world reacted with relief and admiration when it appeared that Khartoum stood ready to defy Arab pressure to release the murderers. That estimate of President Numeiri's toughness was, unfortunately, exaggerated. The President has now sacrificed justice to expediency. Although a Sudanese court sentenced the eight murderers to life imprisonment, President Numeiri decided to turn the killers over to the Palestine Liberation Organization.

Making a mockery of justice as well as of the victims' memory, Gen. Numeiri engaged in the charade of first committing the sentences to seven years in prison and then assigning supervision of the sentence to the Palestinians—an act equivalent to releasing a gangland killer to the custody of his own Mafia family.

Khartoum thus has joined the disonorable roll of countries which, by surrender to Arab pressures, have made themselves accomplices in the spread of international terrorism. In the end, these cowardly officials will increasingly expose their own governments and people to the danger of unpredictable slaughter. The appropriate response of governments interested in the maintenance of international law and safety is to take every possible peaceful step to ostracize those nations whose rulers cannot be counted on to stand up to international murder, terrorism and piracy.

THE NEW YORK TIMES.

International Opinion

A Patched Umbrella

NATO... the word has a dull and dated ring to it. For most Europeans today... the North Atlantic Treaty Organization is a remote, almost irrelevant, defense concept whose origins are entombed in the dusty memoirs of dead generals and politicians. Yet this body has helped to guarantee for the free people of Western Europe a sustained period of peace and prosperity unknown to any other generation this war-ravaged century... we take NATO for granted at our peril... The Warsaw Pact is held together by force; NATO by common interest. That is why it would be both stupid and shortsighted to dismiss Wednesday's meeting of NATO leaders in Brussels as just another Nixonian gimmick... NATO is an alliance stitched by political compromise and contrivance. Better a patched umbrella than no protection at all.

—From the Daily Mail (London).

Arab Guerrillas

Kuwait has called for a meeting of the Arab League about the Israeli air raids. Col. Qadhafi of Libya has offered full military support. "Credit" for the seaside attack has been claimed by Fatah, the relatively "moderate" guerrilla group. The terrorists continue to be treated as heroes in Arab coun-

tries, whose leaders either admire them or fear them, or have a combination of both. The Palestinian post-positiveness of the Geneva Middle-East peace conference, to allow the arrangements to become stabilized, gave the Palestinian terrorists vast scope either to increase their nuisance value and bargaining power or to wreck all chances of peace about Israel's total destruction. According to their predictions, these are the most dangerous months for the Arab League. Russia could help by sending to arm train and financial guerrillas.

—From the Daily Telegraph (London).

Returned to Saigon

The Hong Kong government can only view with dismay reports that 22,000 of the 115 illegal immigrants deported from there last week have been sent to the notorious prison island of Con Son. Admittedly, the situation is still a little better. The reports have been attributed to "rumor" and no verification, as yet, has come from the Saigon government... If they are true, it is a shocking breach of trust by South Vietnam. And the Hong Kong government has been known for its open and honest handling of the situation. It would certainly be a disgrace if the assurances given to the immigrants were broken.

—From the Daily Telegraph (London).

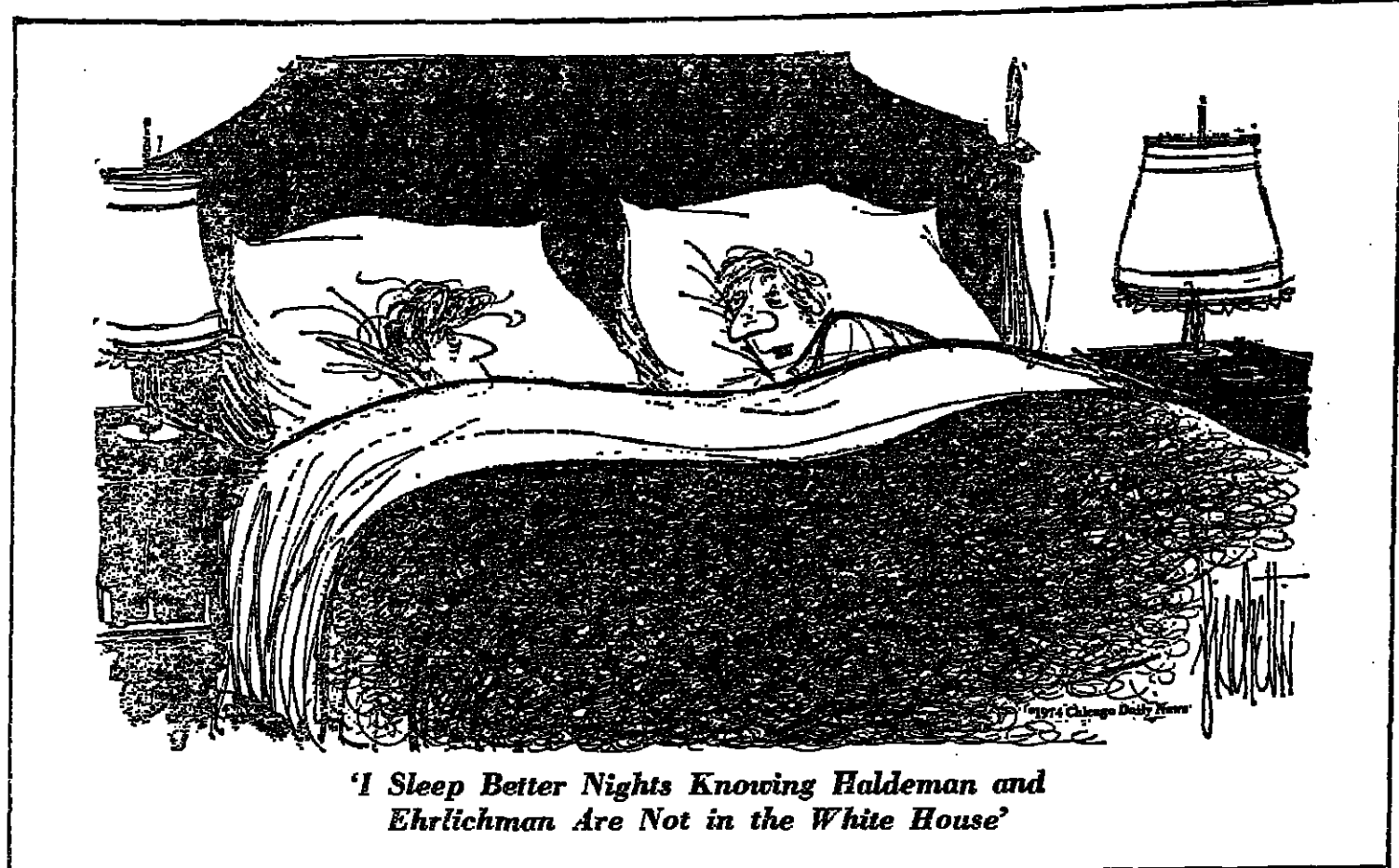
In the International Edition

Seventy-Five Years Ago

June 27, 1899
ST. PETERSBURG—The Empress Alexandra Feodorovna was safely delivered of a daughter this morning at the imperial villa near Peterhof. Both mother and child are doing well. The infant grand duchess will be named Maria. A "Te Deum" was sung at three o'clock this afternoon. The child, the third daughter of the tsar, is also the granddaughter of Queen Victoria. The tsar has no sons.

Fifty Years Ago

LONDON—The press today is full of reports about the death of the Duke of Devonshire, who died at his home in London at the age of 85. The Duke was a prominent statesman and diplomat, and had served in the Cabinet of Prime Minister Herbert Asquith. He was also a member of the House of Lords. His death is a great loss to the country.



Congressional Leaders Not Asked to Help

By James Reston

WASHINGTON.—One of the misfortunes of President Nixon's present mission to Moscow is that he did not take along some of the leaders of Congress, whose understanding of the complex issues of military arms control is vital to congressional approval of whatever agreements are reached there.

After all, the Congress has to vote the funds to support whatever strategic arrangements are made with the Soviets; but while Sen. Fritz Mondale of Minnesota has suggested, and the Republican and Democratic leaders of the Senate—Scott of Pennsylvania and Mansfield of Montana—have approved adding congressional observers to the U.S. delegation, nothing has been done about it. In another critical time in U.S.-Soviet relations, near the end of the last World War, and the beginning of the post-war period, President Truman said he would rather educate the Senate than fight it, and he took a chance on cooperation between the executive and legislative branches of the government.

He had before him the tragedy of the League of Nations under Woodrow Wilson, when the Senate and the White House fell out and defeated U.S. participation in the world organization at Geneva. Roosevelt had seen the problem just before he died and insisted, with the help of Tom Dewey and John Foster Dulles, that the parties must work together, even during the presidential election battles of 1944, for the creation of the United Nations.

Non-Partisan

Accordingly, executive and legislative branches worked for a national and non-partisan solution to this problem of negotiating the peace treaties, and cooperating for the establishment of a world peace organization. The leaders of the Senate Foreign Relations Committee, Tom Connally, Democrat of Texas, and Arthur Vandenberg, Republican of Michigan, were part of the administration's negotiating team at the formation of the United Nations at San Francisco, and when the Republicans took control of both the House and the Senate in the election of 1946, Arthur Vandenberg was a key figure in the Democratic administration's negotiations of the World War II peace treaties.

Vandenberg started as an isolationist, and a fierce opponent of the Russians, but once he was brought into the negotiations and had to deal with the facts and realities, he became a decisive force for a non-partisan foreign policy and for collective security and the UN and the reconstruction of Europe and the Atlantic alliance.

It is odd that Richard Nixon, who went through this whole bipartisan foreign policy experience

with Vandenberg and Dulles but was converted to collective security and accommodation with the Russians much later, has not seen the advantages of this cooperative spirit in the present negotiations.

Sympathetic

The Senate leaders, Mansfield and Scott, are much more sympathetic to Nixon's strategic arms policies than most members of Congress. Even the chairman of the Senate Foreign Relations Committee, J. William Fulbright of Arkansas, and the chairman of the House Foreign Affairs Committee, Thomas Morgan of Pennsylvania, are much closer to Nixon's strategic arms policy now than Vandenberg and Connally were to Truman's policies at the end of the last World War.

In fact, Secretary of State Kissinger has been saying that, despite all the talk of impeachment in Washington, there is continuity in American foreign policy precisely because he finally has sup-

port for what he has been trying to do in this Congress—probably more support there, despite the noisy protest of Sen. Jackson, than he has from the Pentagon and the Joint Chiefs of Staff.

Nixon, however, seems determined to go it alone. The more he needs help, the more he seems to reject it. The more he is out of touch with the spirit of the Congress or even the courts, the more he seems to defy them.

Staggering

And even within his own official family, in the executive branch, he has not resolved the conflicts between Secretary of State Kissinger, Secretary of Defense Schlesinger, and the Joint Chiefs of Staff on the basic questions to be resolved in Moscow over the testing of nuclear weapons and at what level, the weapons to be used on what targets, and the political and military objectives and priorities that are critical to effective arms control. These are staggering and un-

known questions. How to get this arms race by the throat—now costing the nation more than \$20 billion a year and adding to an inflation that is threatening the economic and social fabric of the world—is the main question. It has put upon thoughtful minds here and elsewhere a burden almost beyond comprehension, and to deal with them requires all the help the President can get in his present difficulties.

But while he is under the threat of impeachment in the House and conviction in the Senate, Nixon is now asking the support in the Moscow negotiations available in the Congress and favored by his own secretary of state and the Republican leaders. Alone and embattled, he sees the leaders of Congress in Moscow as a problem rather than as an opportunity, so having rejected their offers of support, he will have to deal with them, under more adverse circumstances, when he comes back home.

© The New York Times.

Under Brazil's Burgeoning Shadow

By Graham Hovey

RIO DE JANEIRO.—Booming, burgeoning Brazil casts a heavy shadow all across South America.

Brazil insists the shadow is a benevolent one, the symbol of good neighborliness, an expression of the desire to help others share in meaningful economic development. Some South American governments remain skeptical. "The United States created this monster and now the rest of us must find a way of coping with it," a Peruvian official recently told a visiting American. Many Peruvians believe that Brazil is obsessed with the notion that it must somehow stretch out to the Pacific, as the United States did, before it will gain recognition as a world power.

Peru fears specifically that Brazil will mobilize its political and economic might behind Bolivia's goal of regaining—perhaps at Peru's expense—the corridor to the sea that Bolivia lost to Chile in the War of the Pacific (1879-83).

Fears Magnified

These fears were magnified by the coming to power in Chile of a rightwing military dictatorship, determined to forge close ties with Brazil's military rulers, and by the subsequent meeting, on Brazil's initiative, of the presidents of Chile and Bolivia, which have not had diplomatic relations for 12 years.

Peru also suspects that Brazil covets the oil discovered on the Peruvian side of the upper Amazon, and ponders what use might be made of the trans-Amazon

highway, which will run 2,800 miles from Atlantic ports right up to Peru's frontier.

Concern about Brazil's expanding power was one of the unstated reasons behind the formation of the Andean common market in 1968. It was doubtless a factor in persuading oil-rich Venezuela to join the Andean pact last year, giving the six-nation grouping a larger market than that of Brazil.

It is now a high foreign policy priority for Peru, and perhaps for other members, to bring Argentina into a close association with the Andean pact, if not yet into full-fledged affiliation. Though it may be clothed in more polite words, the message to Argentina is a stark one, along these lines:

"You lost out long ago in the bilateral contest with Brazil for the leadership of South America. The only way you can now exert effective leadership is to become an Andean nation," casting you lot with us and helping to build a formidable economic and political counterweight to Brazil."

If the strategy works, it will not be presented as an anti-Brazil maneuver, of course, but simply as part of a great effort to advance economic integration and political cohesion in South America. Fear of Brazilian hegemony will nonetheless have been a catalytic factor.

It would be difficult for the proud Argentines to concede in effect that they can no longer offer by themselves an alternative continental leadership to that of Brazil; yet, the wiser ones among them know that this is the reality.

One of the revealing statistics bearing on the change in the historic Argentine-Brazilian rivalry is this: Forty years ago, Argentina's gross national product accounted in value for half the total of all South America; today, Argentina's GNP is worth only half that of Brazil.

Paraguay historically looked to Argentina for support against Brazil. Last month, Brazil's new president, Gen. Ernesto Geisel, traveled to the Paraguayan border to conclude with President Alfredo Stroessner an agreement for constructing the world's largest hydroelectric project, on the Parana River at Itaipu.

A few days later, Geisel went to Bolivia to sign an agreement with President Hugo Banzer for building a \$600-million pipeline to carry 240,000 cubic feet of Bolivian natural gas a day nearly a thousand miles to Sao Paulo. Brazil will also build a steel mill, cement factory and petrochemical plant in Bolivia.

For Brazil these agreements represent not only good business but badly needed help for two struggling neighbors. It pains Brazil when other neighbors—all South American countries except Ecuador and Chile—regard the projects as a blow at Argentine influence or an attempt to weaken Bolivia from the Andean pact.

Brazil in fact is conducting a very skillful, highly sensitive, low-key diplomacy aimed at reassuring neighbors. But like the United States in the hemisphere, Brazil cannot entirely overcome the liabilities of being big, powerful and present.

Welcoming Brazilian President Emilio Garrastazu Médici to the White House in 1971, President Nixon said: "We know that as Brazil goes, so will go the rest of the Latin American continent." It was a woefully inaccurate remark that raised hackles from the Rio Grande to Cape Horn and mightily embarrassed the Brazilian. It was also, for better or worse, a great hunk of the truth.

© The New York Times.

Colson and Discovering Christianity

By William Buckley Jr.

NEW YORK—I have been interested by the news of Charles Colson's conversion to Christianity. The news is variously expressed. The among us who consider themselves most worldly—Mr. Pe Hamill, for instance, or a writer for the Village Voice—treat the whole thing as a big joke, as if W.C. Fields had come out for the Temperance Union. They are waiting for the second act, when the resolution comes and W.C. Fields is toasting his rediscovery of booze, and Colson is back practicing callisthenics at his grandmother's grave.

It says a great deal about the meaning of Christianity in our culture. Traditionally, it has been those who have sinned the most who are the special objects of providential grace. The prodigal son is welcomed most by heaven precisely because he has most sinned.

Al, but does that mean the we shouldn't be most surprised if the most drastic alteration in known attitudes? If Al Capone became a Franciscan monk, then is no doubting that the operation would have exhausted huge stocks of heavenly grace. C. Anthony Lewis uttered a common passionate word about Richard Nixon, one would certainly take notice, though indeed there are those who would suspect glibly regular pour mieux sauter, as the French say who know how to stick back a little in order to leap forward a lot.

So Twisted

But it does not matter who it is, it is possible to suspect glibly in the case of Charles Colson. If one of the President's conversations had in it: "Let's figure out what our duty is and do it," most people would have suspected that those words were uttered for the sake of the record, maybe after calling in the Secret Service to dust off the hidden microphones. It has all become so twisted that we tend to be particularly skeptical when we detect someone doing something because it is right, even though it is something that is tactically damaging.

Concerning Chuck Colson, it seems to me less implausible that it is actually done to others than it should have been to Colson himself. As generally identified, he has been his hellomantic concern for one person—Richard Nixon. When he told the court that it did not occur to him to challenge Mr. Nixon when told to go out and do something, are we asked to disbelieve that? Not the critics of Colson, or those of Nixon: indeed that is what they most desire to believe. That everything Colson did that was disreputable he did at the bidding of someone else, stated as a commander-in-chief in charge of the national security.

Whether he would have served Richard Nixon if Nixon had been not the President of the United States, but chairman of the board of Murder, Inc., we have no way of knowing. No way of knowing whether Colson carried about with him springs of resistance he could not overstrain.

Most Needed

But now he says that he has discovered Christ. To say this you had discovered Christ, in our secular society, is to say something that causes most people to wince with embarrassment. Christ is something to be discovered only between the hours of 10 a.m. and Sunday morning 11 a.m. Bill Graham, before or after a game, or by a bearded young man on the corner of Hollywood and Vine for whom Christ-teaching is a way station between college sociology and Timothy Leary. Or the sort of thing that causes cruel wars in the Dark and Middle Ages because one set of people said Christ had six toes, the other that he had five. For Christ is something to be discovered only between the hours of 10 a.m. and Sunday morning 11 a.m. Bill Graham, before or after a game, or by a bearded young man on the corner of Hollywood and Vine for whom Christ-teaching is a way station between college sociology and Timothy Leary. Or the sort of thing that causes cruel wars in the Dark and Middle Ages because one set of people said Christ had six toes, the other that he had five. For Christ is something to be discovered only between the hours of 10 a.m. and Sunday morning 11 a.m. Bill Graham, before or after a game, or by a bearded young man on the corner of Hollywood and Vine for whom Christ-teaching is a way station between college sociology and Timothy Leary.

So much for the stupor man. And when we need Him, we "I see it as one of the great ironies of this ironical time writes Malcolm Muggeridge, "the Christian message renounces the world and seeks to be withdrawn from consideration just when it is most desperately needed to save men's reason, if not their souls. It is as though a Salvador Army band, valiantly and patently waiting through the long years for Judgment Day, should, if it comes at last, and the heaven do veritably begin to unfold, I a scroll, throw away their instruments and flee in terror."

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The Shrimp Are Back On Belgian Tables

By Jan Sjöby

STEND, Belgium (UPI)—The Crangon crangon is back in Belgian waters and on Belgian counters after a few years' near-absence. The tiny gray shrimp—known as crevettes grises in French and kieuze garnalen in Dutch and related to the American sand shrimp Crangon septemspinosa—is considered a delicacy in Belgium where cod food is considered indispensable.

The early 1970s was a period of crisis for shrimpers and shrimp eaters. Catches dropped from 350 tons in 1970 to 337 tons in 1971 and 366 tons in 72. Dockside prices rose from a relatively modest 40 Belgian francs a kilo beyond the 115-franc mark. Shrimps, deprived of their shrimp sandwiches, shrimp omelets and shrimp cocktails, talked about a shrimp crisis.

"A crisis it was," said Dr. Rudy Clerck, fishery biologist with the government-operated Rijkswateringen in Ostend. The villain in the case was the sea anemone, which, for one reason, was breeding wildly in our waters in those years. The anemones, which preyed on shrimp and their predators, managed to

get at them before our fishermen had a chance.

The West Flanders fishermen countered by netting every cod they could find, eating as many as they could and selling the surplus inland and abroad.

Angry rumors had it that industrial dumpings of organic matter at Latitude North 51°26' Longitude East 3°04' could have brought about the bad years.

"We were alarmed, naturally," said Dr. De Clerck. "But from oceanographic research in situ and in the waters around, coupled with laboratory experiments in salt water aquariums we could find no evidence that the dumpings harmed the shrimp or any other marine species. On the contrary, the stuff seemed to appeal to the taste buds of the crustaceans."

Last year, the shrimps returned to Belgium's sandy shores, "a breeding ground," Dr. De Clerck pointed out, "for a number of most edible and most valuable marine species. The cod stocks had declined and warmer water caused the shrimp to grow faster."

In 1973, the commercial shrimp catches reached the very high level of 1,615 tons, Dr. De



The shrimp fleet in Zebrugge, Belgium—back in business again.

Clerck continued, "the highest catch since 1956 and twice that of '71 and '72. We have reason to believe that the 1974 figures, when in and processed, will be even higher than those of last year."

Dr. De Clerck went on to mention that the average engine power of a Belgian shrimp is 143.3 horsepower and the average catch per hour (in 1973) was 33.6 kilograms. The peak period,

as usual, was in October. Supermarket prices in Brussels, for unpeeled shrimp, dropped, not drastically but noticeably. The Brussels and the Antwerp shrimpers could again afford their precious tomato aux crevettes, even several days after payday. It is an hors d'oeuvre, a tomato stuffed with baby shrimps in mayonnaise, treasured in this part of the world.

In 1969, Belgian export of

crustaceans totaled some 130 tons, mainly to France. In 1973 the total export reached 209 tons of shrimps. Seventy-five percent of Belgian shrimps are beamed at Zebrugge.

"The strange thing is," Dr. De Clerck continued, "that while exporting to France and the Netherlands, we import shrimps from those same countries. Don't ask me about the technicalities of it all. I'm not an economist."

WINE: The Most Vexing Problem in a Chinese Restaurant

By Jon Winroth

PARIS, June 26 (UPI)—The most vexing problem of choice for a Chinese restaurant is not what to eat but what to drink with the food.

Those who think they are doing the Oriental way order green tea with their meals. They drink wine, which does not appeal to Occidental palates.

That brings us to French wines, it is Oriental restaurants in this city the wine list is usually composed of a scattering of dreary uppers offerings. If you ask the waiter's advice, you will invariably find up with a bottle of orange-flavored and tasteless rose de France.

A good rose will, in fact, go with any Chinese dishes, but aside

from the problem of finding one, what an uninspired companion to the rich array you have to choose from on the menu.

In at least one Chinese restaurant, the problem has been solved with a wine list that would do honor to any three-star French establishment. Nearly 200 wines, most of them growers' wines, are listed at Tan-Dinh, and what wines at what prices.

The place is tiny, 24 seats in all, but it serves very good and very fresh Chinese and Vietnamese food, prepared by the mother of the two young Vietnamese who built up the extraordinary cellar.

Bob and Freddy Vifian came to Paris from Saigon in 1968. They are real wine enthusiasts and their buying trips into Burgundy have blazed a trail of slightly

bewildered winegrowers, unused as yet to the growing Oriental interest in French wine.

The Vifian brothers have outstanding palates, the only reasonable explanation for such a wine list in so small and little known a restaurant as theirs. Furthermore, their prices are low, often as little or scarcely more than you would pay for the same wine in a retail store. In most restaurants wines go for at least double the retail price.

Asked about this, Bob Vifian replied, "We only have about a case of each wine, except for the more popular ones. If nobody ever orders our Chambertin, it doesn't really matter. We can always drink it ourselves."

As for what wine goes with what dish, you can trust them for sound advice in either French or

English. Some of the results can be surprising. What would you serve with sweet and sour pork, for instance? The only wine that does this dish justice is a Beaujolais, which also does well with egg roll (quai imperial).

We tried a few other interesting combinations. A hot shrimp plate not unnaturally called for white wine, but a cold crab salad with lettuce, tomato, bean sprouts, black mushrooms and rice vermicelli went best with a 1968 Chateau Prieure-Lichine, a fourth growth of Margaux in the Medoc. This combination worked because the salad contained no vinegar and because 1968 was such a light vintage.

Even more astonishingly, the same 1968 Prieure-Lichine went well with a pickled pig's ear prepared with vinegar, ginger and

herbs. The dish actually reminded me of the Bordelais, but if the idea is too much for you, a light Aligote from Burgundy also did the trick.

Shrimps, Mandarin, in a sauce with tomato, red peppers, garlic, ginger and soy sauce, did well with a variety of wines: the same light Bordeaux, Beaujolais, and white Saint-Véran and Meursault.

Steamed chicken calls for Margaux, Volnay or Musigny. Stronger meat dishes such as duck or beef would easily take Pannier, Saint-Emilion, Pommard, Corton or Chambertin.

With a simple but tasty chicken with bamboo, perumed mushrooms and onions served with the cooking juices we found both a 1969 Mercurie and a 1969 Pinot to do the job.

Also on their list are wines such as 1949 Chateau Chimes, a first growth of Barsac, at 77 francs and a 1929 Chateau Margaux at 420 francs. Just about every other great era of Bordeaux is available, often in several vintages.

But the Vifians' real love is Burgundy, white, red or rose. As Bob Vifian puts it, "We like to buy Burgundy rather than Bordeaux because it's more fun. If you have the money it's easy, too easy, to buy Bordeaux, but hunting down bargains in Burgundy is really interesting."

They're done well 1980 Chassagne-Montrachet-Morgon at a red first growth from Guy Prieure at 34 francs, and 1970 Gevrey-Chambertin-Les Cazetiers, another first growth, from Armand Rousseau at 43 francs are giveaways for the quality at retail store prices.

So are many others, every one listed carefully by region, with its year, classification, the name of the grower or shipper, there are very few of the latter, and the price according to half-bottle, bottle or magnum. Such informative listing should be mandatory everywhere but rarely is done.

Tan-Dinh, 9 Rue de Nivelle, Paris 12, is open from 10:30 a.m. to 11:30 p.m. on weekdays, 10:30 a.m. to 12:30 a.m. on weekends. A good wine list between 20 and 30 francs, exclusive of wine.

Chinese Art Collection Sells for \$6.2 Million

By Clay Harris

LONDON, June 26 (UPI)—An acclaimed American collection of Chinese art, which had never been publicly displayed in its entirety until the auction that dispersed it, fetched more than \$6.2 million in sales here Monday and yesterday.

Christie's, the London art auctioneers, called the Frederick Mayer collection the finest group of privately owned Chinese art to come on the market since World War II.

In financial support of that claim, the buyers who filled Christie's octagonal salesroom said a total of \$2,672,995 (\$6,281,536) in the two-day auction. It was a high-stakes demonstration of a financial fascination with Chinese art to parallel the popular interest shown by the 750,000 people who attended last winter's 5-week exhibition here of recent Chinese archaeological finds.

Mr. Mayer, a New Yorker whose artistic interests were identified with real estate and stockbroking, in the fourth row Tuesday watched the sale of the collection he had assembled since 1945.

Like the buyers around him, Mr. Mayer followed the sale in the hardbound, 376-page catalogue of his collection. In addition, Mr. Mayer held a legal pad comparing Christie's reserve prices with the actual selling prices and a sheaf of adding machine tapes with long columns of figures.

Plenty to Note

Mr. Mayer had plenty to note, as a number of new price records were established. Christie's Oriental art expert, Anthony Derham, who organized the sale, described the prices as "staggering."

The collection included porcelain, ceramic, gold, silver, bronze and jade items. The collection was notable, Christie's said, because it was well-balanced with representative items covering Chinese history from the Shang dynasty of the 12th century B.C. to the 18th century.

The single most expensive item was a 14th-century Mei Ping jar, 17 1/2 inches tall in blue and white baluster, decorated with a praying mantis, a cockroach and phoenixes, which was sold Monday for \$223,000 (\$554,400) to a Japanese dealer, Matsushita. It was the second highest price ever for a Chinese work of art and the second most expensive work of art other than a picture.



Mei Ping jar sold for \$554,400.

The octagonal Mei Ping jar, one of only two known to exist, had sold for \$900 in 1952.

The only permanent record of the Mayer collection is the catalogue, itself a record-setter as the most expensive ever produced by Christie's and possibly by any London art dealer. It sold for \$10 (\$23) and included extensive information about each of the 230 items up for sale.

The Chinese art was sold against a backdrop of old master paintings which lined the red walls in preparation for an auction later this week. A television camera recorded several of the more expensive sales, but even these were greeted with no more audible excitement than a surge of murmuring.

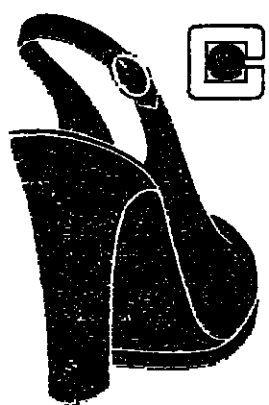
One reported reason for Mr. Mayer's decision to sell the collection is his son's preference for modern pictures. Mr. Mayer, who emigrated to the United States from Vienna in 1937, had previously given a collection of old master prints and drawings to a Jerusalem museum.

Mr. Mayer said he held back none of his Chinese collection. However, he will probably retain ownership of the small percentage that did not reach Christie's reserve prices. Following its standing policy, Christie's would not disclose the number of items which failed to be sold for this reason.

12 Silver Spoons Net £70,000 at Auction

LONDON, June 26 (UPI)—A London dealer today paid £70,000 for a set of 12 silver-gilt spoons made in 1592. Christie's auction house said.

The sale of the spoons was one of the highlights of an auction of 120 lots of English silver and gold pieces that produced a total price of £226,265.



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FASHION

The House of Dior Plans Major Reorganization

By Hebe Dorsey

PARIS, June 26 (UPI)—The House of Dior is undergoing major changes in direction, according to a source today.

As of next fall all collections will be designed by Marc Bohan, who until now has been in charge of the couture and the boutique collections—the latter to the small, almost private collection that is sold only in Paris at the Dior fashion house.

Mr. Bohan will take over the ready-to-wear collection known as "Miss Dior" which had been designed by Philippe Guibourg. He will also take over the sportswear collection, the former collection of Mr. Guibourg, who formerly supervised it. The fur collection will remain in the hands of Christiane Castel.

Dior also plans to open a boutique next fall on Rue Bonaparte in a one-time fur shop between Lanvin and the Hotel Crillon.

The Overtones

That move which may sound as purely technical, has important overtones. It means, not that Mr. Guibourg's Miss Dior was unsuccessful—Mr. Rouet insisted on that—but that the house needs to concentrate all its production under one single, strong name.

It also means that couture is becoming re-emphasized in importance to ready-to-wear. In journalistic terms, it could be said that couture now enters the inside page, while ready-to-wear is front-page news—and has to be handled as such.

Mr. Rouet still believes strongly that couture has a future. "We have a large private clientele quite a few buyers and we do business with foreign countries in selling paper patterns," but he admitted that it is a dwindling business. Figures for 1973 were \$3 million for couture and \$10 million for ready-to-wear. As ready-to-wear keeps expanding, it is understandable that Dior wants to give it the maximum backing.

New Line

The new Dior ready-to-wear line won't be called "Miss Dior," Mr. Rouet said, because the name suggested a very young, almost junior age group "which, in all fairness is not our clientele." It might be called "Christian Dior—Boutique," and the prestige, as well as the prices will be jacked up—from \$200 to \$700.

The other reason for strength-

ening ready-to-wear is a very simple one. Because of delivery problems ready-to-wear is always shown three months ahead of couture—which then understandably loses a lot of news value. With the same man running both shows, one should be assured of a coherent fashion message.

Landmark 'Lost' In New York City

NEW YORK, June 26 (AP)—New York City lost a landmark yesterday.

"Somebody stole one of my buildings," said Beverly Moss Spatt, chairman of the Landmark Preservation Commission, as she announced that the four-story, cast-iron facade of the 136-year-old Bogardus Building was missing.

Police later arrested Harvey Ellis and Morris Gamble in connection with the theft, but searches through city junkyards had not turned up any trace of the municipal treasure. The men were charged with grand larceny.

The cast-iron facade had been stored while awaiting incorporation as part of the new Manhattan Community College. Described as "an architectural treasure," the Bogardus Building was the first building in the city with a cast-iron facade and was regarded as one of the finest examples of cast-iron structure in the world. A section of the facade is in the Smithsonian Institution in Washington.

French Voting Age 18

PARIS, June 26 (UPI)—The National Assembly last night lowered the voting age from 21 to 18, giving the vote to 2.5 million persons.



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Herstatt Bank Fails in W. Germany

By James C. Furlong

COLOGNE, June 26 (AP-DJ).—West German authorities ordered Bankhaus I. D. Herstatt into liquidation today after they discovered that the widely respected private bank suffered severe losses in foreign exchange trading.

The Bundesbank and the federal supervisory banking bureau said their talks with the main shareholder of the bank, insurance magnate Hans Gerling, and the three biggest commercial banks in Germany established there was no chance of saving Herstatt.

The Bundesbank said Herstatt, one of the nation's largest private banks with a balance sheet total at the end of 1973 of 1,978 billion deutsche marks, had taken sharp losses in foreign currency dealings that had been misrepresented in its books.

480 Million DM Loss Estimated

There was no official word on the size of the losses, but a usually reliable source in Bonn said that an estimate of 480 million DM "might be right."

The bank was stripped of its license at the same time it was ordered liquidated.

The collapse came just one day after it became generally known that the Bundesbank had ordered about 350 German banking institutions to report their foreign exchange forward positions regularly to the authorities. The move followed a 270 million DM foreign exchange loss posted earlier in the year by West-Deutsche Landesbank Girozentrale.

Two foreign banks, Union Bank of Switzerland and Frank-

lin National Bank of New York, also have reported big losses in foreign currency dealings.

The immediate consequences of Herstatt's demise on individual depositors and other creditors were not known. A spokesman for the Federal Association of Banks, a trade group embracing most German banks, said it has a fund of 30 million DM to protect small depositors in the event of a collapse and that the fund was to have been raised shortly to 30 million DM.

The spokesman said that the amount of compensation due depositors probably will be much higher than 28 million DM, however, and that an effort will be made to increase the fund on an emergency basis to cover depositors' losses.

The Herstatt Dec. 31, 1973, balance sheet lists savings deposits of 308.9 million DM.

Among Herstatt's additional obligations are 779.5 million DM to other banks. Sources in Bonn indicated that these debts would be handled through the liquidation process.

The Bundesbank said it and the nation's largest commercial banks would do all they could to alleviate liquidity problems of any Herstatt customers arising from the collapse.

Herstatt said it would not issue any comment until tomorrow. The bank, whose origins were in the 18th century, has 31 branches in Cologne and Bonn, and some foreign units. It also has shares in at least 18 banks and seven non-banks.

For 1973, the bank had after-tax profit of 103 million DM, compared to 7.8 million DM in the preceding year.

Herstatt, headquartered in Cologne, was 80 percent owned by Hans Gerling, who controls the Gerling group of insurance companies.

Dollar Firms

NEW YORK, June 26 (Reuters).—The dollar advanced against most European currencies today, following news that the German authorities ordered Herstatt to close operations.

Dealers said that as soon as word of the closure reached the market, operators began nervous selling of major European currencies.

A number of dealers added, though, that they had already detected some support building for dollars prior to the Herstatt announcement, and the report may have just served to accelerate the trend.

3,000 Workers Accept VW Offer To Quit for Bonus

WOLFSBURG, West Germany, June 26 (AP-DJ).—About 3,000 workers have accepted Volkswagenwerk's offer to quit their jobs with the giant West German auto producer in return for a bonus ranging between 5,000 and 9,000 deutsche marks.

We have reached our target despite four more days to go this month," a spokesman said today. "About 40 percent of those who accepted our offer were foreigners, the others German."

Aimed at cutting what VW said was over-production, the company, whose sales are down sharply, offered its workers a month's salary, full holiday pay, a bonus determined by service time and a full annual vacation for quitting their jobs in June.

The action, an after effect of the oil squeeze, was "relatively painless" for those who accepted it and turned out to be "balanced" for VW, the spokesman said. The staff now totals 122,700, down from 125,787 early this year.

A spokesman for the labor office in Hannover said most of those who left the local VW plant had found jobs in other firms.

The spokesman said VW expects to cut its staff to between 113,000 and 115,000 employees by the end of 1974.

U.S. Business Index Shows Increase in May

WASHINGTON, June 26 (AP).—The index of leading business indicators increased 0.2 percent in May, the Commerce Department said today.

It also reported that a recalculation showed the April index had been stable, with no change, instead of the decline of 0.7 percent announced earlier.

The index is considered a guide to future economic performance in the economy. However, some economists have questioned its value in the last year because of distortions in the figures caused by inflation.

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FINANCIAL NEWS AND NOTES

Estel Forecasts Record Profit

Continuing high demand for steel in Western Europe will push profit, sales and production figures of Estel N.V., the West German-Dutch steel combine, to new highs this year, says B.A. (Bijl.) finance director of the company, which was formed from the Dutch Hoogovens and the German Hoesch, had net profit of 189.3 million guilders (\$65.3 million), up 94 percent on 1973 results. Mr. Bijl notes that there is no "sign of slackening" in the steel market, and Estel's plants are operating at full capacity everywhere. The only weak spot in the market is for cold rolled sheet steel because "auto builders are using less" and "everyone was building cold rolled plates three years ago." But he adds that Estel could sell more steel if it had the plant capacity. Difficulties in obtaining usual supplies of coking coal from the United States have caused problems, but have not held back production, which is currently running at an annual rate of 12.4 million tons.

U.S. Agency May Order Auto Recall

The U.S. Environmental Protection Agency (EPA) may order four auto-makers to recall as many as 14 million 1972-model cars to correct their emission-control systems. The companies are General Motors, Ford, Chrysler and Volkswagen of America. However, the EPA will not specify which models are involved or identify what it believes their pollution shortcomings are until after a 10-day period allowed for the manufacturers to submit additional information on the cars' engine performance. Should recall orders ultimately be issued for some or all of the 1.4 million vehicles, it is possible that only a small percentage of owners actually will return their cars to dealers for emission control repairs, an EPA official concedes. Under the Clean Air Act, the agency has authority over new cars down to the dealers, but it cannot require action on individual owners.

Carbon Fuel Co. has signed a contract with a minimum duration of 15 years under which all coal produced from its West Virginia operations will be sold to U.S. Steel Corp., effective last April 1. Coal from those operations already committed to companies other than U.S. Steel will be delivered to those companies, until such existing contracts expire. The company's West Virginia operations produced about 1.8 million tons of metallurgical coal in 1973 and Carbon Fuel says it plans to increase production to 3 million tons annually by 1977. The company declines to give the value of the contract, but it notes that it includes a loan of \$4.5 million repayable in equal installments over the 15-year term of the contract. Based on Carbon Fuel's projections for increased production and on current coal prices, the total value of the contract could range from \$750 million to \$900 million over the 15-year period.

U.S. Steel Signs Coal Contract

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Investors Quit Bond, Equity Markets

Rate Rises Distress Borrowers in U.S.

NEW YORK, June 26 (AP-DJ).

Disintermediation, a word which came into vogue in the tight-money squeeze of 1968 and has been reappearing with each domestic money crunch ever since, has taken on an ugly new meaning.

In most cases it describes the disruption of normal money flows in the economy. A savings bank is an intermediary between the public saver and the mortgage market, for example. When savers pull out or reduce their deposits in favor of higher-yielding investments, the money is said to be disintermediated. In other words, it is not an intermediary for those funds any longer.

The word still describes that process, but it has taken on what some see as an ugly new meaning, too, in the current period of high demand from business for money and credit.

The institutions being disintermediated, according to Ralph Saul, chairman of the management committee of First Boston Corp., a major investment banking firm, are the long-term bond and equity markets themselves.

Mr. Saul termed the situation unprecedented in degree since the 1930s. "During the past several months, we have had a situation when some corporations have been foreclosed from using the public securities markets to raise long-term capital... Some lower-rated utilities have been almost cut off from these markets, and it has been difficult to market most industrial bond issues except for the highest-quality companies."

The problem this time is not the outright availability of financing but its high cost.

"The short-term market, or banks, will supply immediate credit needs, but only at the cost of rendering corporations vulnerable to short-term changes in their own fortunes or money-market conditions. Institutional investors put cash to work in the short-term market and hold off making commitments to the debt or equity markets."

"In short, we have a slow disintermediation of the debt and equity markets as the major suppliers and users of funds switch their attention to short-term markets," Mr. Saul said.

The whole process has been helped along by "a huge and swelling supply" of short-term

investment instruments, said Mr. Saul, who expressed his views at a recent meeting of the American Petroleum Institute. "What has happened is that the government, commercial banks and corporate borrowers have flooded the money market with short-term instruments," he said, "creating a supply that could only be absorbed at (interest) rates substantially above long-term rates."

The volume of certificates of deposit, large sums lent with banks for a specified period, has climbed \$25 billion in the past year to a record \$104 billion, he said, and corporations and bank holding companies have issued a record amount of commercial paper, \$47 billion are currently outstanding.

At the same time, the markets have been in a steady decline as a source of external funds. Public financing by corporations declined from \$39.1 billion in 1971 to \$22.7 billion last year. "In the past, corporations have been able to raise, at livable rates, whatever funds they wanted from the bond market, as much as \$25.6 billion in the record year 1971," he said. "But now there are serious questions whether they can continue to do so."

Similarly, financing through new stock issues has dropped sharply. Only 99 equity issues were marketed last year, compared with 568 in 1972.

Banks' Prime Rate Seen Climbing to a Record 12%

NEW YORK, June 26 (AP-DJ).—Pressures are mounting quickly for a boost to 12 percent in the U.S. banking industry's prime, or minimum, interest charge on loans to large corporations.

The pressures are coming chiefly from the rock-bottom costs banks are encountering in trying to raise lendable funds through the "sale" of negotiable certificates of deposit (CDs), which represent large deposits left for a specific period of time.

The climb in money costs has been so swift that some banks using formula methods to set their prime rates could raise their base lending fees as early as next week. Currently, most banks' prime rates are still at 11 1/2 percent, although a number of banks this week, including Manufacturers Hanover and Chase today raised their rates to 11 3/4 percent. First National of Chicago, which does use a formula, posted a record 11.8 percent prime rate on Monday.

In hectic bidding for CD money yesterday, one major New York bank was reported to have paid 11.9 percent on CDs due in 90 days. A large regional bank is said to have paid slightly more than 12 percent.

Much of the demand by banks for CD funds has been sparked by recent hefty loan demand. But some analysts speculated that at least part of the demand was for "window dressing" purposes. They noted that the banks' June 30 mid-year reporting date is fast approaching. Because of the nervousness in the economy, the analysts reasoned, banks would prefer to show more deposits on their books and smaller amounts of other types of borrowings.

Stock Prices Plummet As Interest Rates Soar

NEW YORK, June 26 (AP-DJ).—A new upward turn in the interest rate spiral today battered stock prices on the New York Stock Exchange.

The Dow Jones industrial average sank 11.51 to 817.04. It rose 12.52 points yesterday after a loss totaling 36.69 points in the six previous sessions.

Volume totaled 11.33 million shares compared with 11.93 million yesterday.

A quarter-point increase in the bank prime rate to 11 3/4 percent continued to spread with analysts predicting another jump soon to 12 percent because of surging short term interest rates.

McDonald's, one of the most active issues, fell 3/4 to 49 after an opening delayed by an influx of orders. An institutional brokerage firm, Baker, Weeks, pulled its buy recommendation on the issue, citing concern over long-term growth rates. The company said sales for the five months ended May 31 met expectations and it expected the favorable trend to continue, adding that it looked to a good year.

Continental Mortgage Investors fell 1 1/8 to 2 5/8. The company reported lower fourth-quarter net and omitted its regular dividend.

Eastman Kodak dropped 3/8 to 105 3/8, while Du Pont fell 1 7/8 to 165 7/8. IBM slumped 5/4 to 216 1/4 after having gained more than five yesterday, when it raised the quarterly dividend by 22 cents a share.

Also lower were Burroughs, down 5/8 to 100 1/2; Gannett, 1 1/4 to 35 1/8; Texas Instruments, 4 1/4 to 91 3/4; General Electric, 1 1/2 to 48 3/8; and Procter & Gamble, 2 5/8 to 102 3/4.

On the American Stock Exchange, the index lost 0.65 to 30.39. Imperial Oil "A" was most active, closing up 1/8 to 27 3/4.

National Paragon was down 3/4 at 5. Loews warrants lost 5/8 at 4 1/4. Robintech eased 1/2 to 40 1/2 and U.S. Filter was off 1/8 at 6 1/4.

Jacobs Engineering did not trade today. Brokers Paine, Webber, Jackson & Curtis said they had been temporarily enjoined from attempting to sell 19,400 shares of Jacobs common after a client's failure to meet margin requirements.

The industrial average on the NASDAQ index of stocks traded over the counter fell by 1.13 to 77.20.

Bond prices got some assistance from the Federal Reserve and success in the new issue market, and closed with gains of as much as 1/4 point. In the government sector, the Fed came into the

market as a buyer of all coupon issues for open market account, and dealers said that this had a positive effect on overall prices.

The corporate sector finished with 1.4 point gains after having been off as much and more in the morning following successful sales by the day's new offerings.

U.K. Offers Firm Partial Take-over

LONDON, June 26 (AP-DJ).—The British government proposed today to take over the shipbuilding and ship repairing activities of financially troubled Court Line Ltd.

The proposal was announced in the House of Commons by Anthony Wedgwood Benn, minister for industry. Involved in the proposed take-over, he said, are 16 companies owned by Court Shipbuilders, a subsidiary of Court Line.

Court Line is a diversified enterprise, which in addition to its shipbuilding and ship repairing division, has a ship-owning and management division, as well as an aviation and leisure division.

Court Line's shares were suspended from trading on the London Stock Exchange last week after they tumbled on rumors that the company was in financial difficulty. The company later acknowledged that it had financial problems and said they concerned its leisure division.

Lord Beswick, minister of state for industry, told the House of Lords today that he understood that Court Line's shipbuilding and ship repairing operations were profitable.

The government's announcement today to take over the shipbuilding from opposition Conservative legislators in view of the Labour party's declared aim of nationalizing the country's shipbuilding and ship repairing industries as well as some other industrial activities.

Addressing Mr. Benn, Michael Heseltine, the Conservative party's spokesman on industrial affairs, said, "You should come clean with us. This is the first example of a squeeze operation and an opportunity you have grabbed to take this company into public ownership."

The reports of new nationalization measures sent share prices down again on the London Stock Exchange.

The Financial Times index of the leading 30 industrial shares fell 7.2 points to 246, its lowest level since August 1959.

Israel Floats \$300 Million Loan With U.S. Guarantee

By Peter Kilborn

NEW YORK, June 26 (NYT).—Over the last three weeks, Israel has been borrowing \$300 million in the United States through an unusual issue of securities guaranteed by the U.S. government.

New York City, the International Ladies Garment Workers Union and a number of insurance companies are among the 72 institutions that have subscribed to the issue to date, it was learned.

The issue is being placed privately through the Wall Street investment banking firm of Loeb, Rhoades & Co. and is being sold in denominations of \$500,000, putting it out of reach of most individuals.

U.S. Producers' Profits WASHINGTON, June 26 (Reuters).—Manufacturers' profits in the first quarter of 1974 averaged 5.6 cents per dollar of sales, the same level as a year earlier, the Federal Trade Commission reported today.

Company Reports

General Mills			
Year (to May 26)	1974	1973	
Revenue (millions)	2,000.10	1,961.96	
Profits (millions)	75.14	66.14	
Per share	3.18	2.81	

H.J. Heinz			
Fourth Quarter	1974	1973	
Revenue (millions)	375.9	333.9	
Profits (millions)	23.1	19.06	
Per share	1.54	1.26	

Year			
Revenue (millions)	1,438.1	1,205.9	
Profits (millions)	64.32	21.55	
Per share	4.26	1.42	

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May, 1974

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هكذا عنه الزهري

P.

(Continued on next page.)

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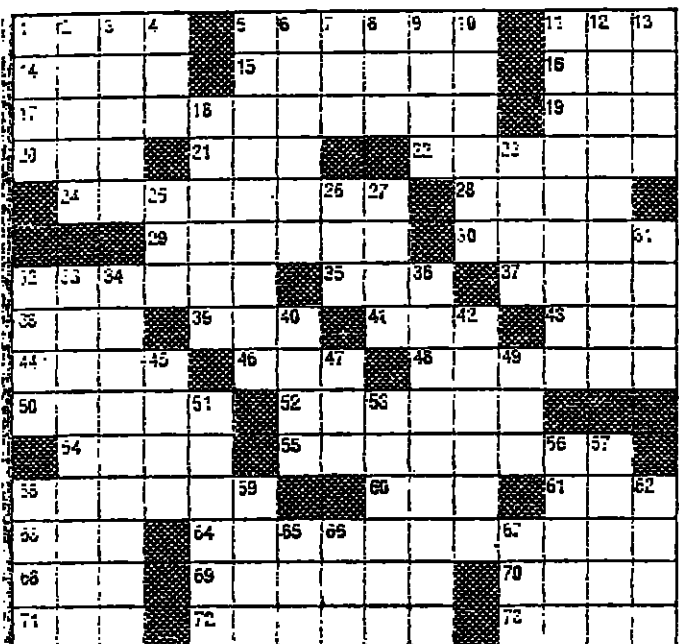
American Stock Exchange Trading

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CROSSWORD

By Will Weng

- ACROSS**
- 1 Onetime novel price
5 Money in Cadiz
11 Roguish
14 Indigo
15 Sutherland
16 Likewise
17 Certain ones on the sidelines
19 Chew the
20 "Go and — no more"
21 Obsolete
22 Albanian capital
24 Part of an auto
28 Wash. legislators
29 Ross and Palmer
30 Kind of wad
32 Blunt
35 Attention
37 Cole
38 Arrival-board word
39 Coin of Malay
41 Inactive: Abbr.
43 Period
44 Farm unit
46 Have a bite
48 Goldbricks
- DOWN**
- 1 Crowlike birds
2 "Bombs bursting
3 Children's writer
4 Building wing
5 Opinion takers
6 Lyric poems
7 Do mending
8 Before
9 Caustic
10 Baseball play
- 11 Boston
12 Five-for-ten man
13 Mental discipline
18 Shade of green
23 Old moneys of Brazil
25 Simbel
26 Certain vote
27 Peter or Nicholas
31 — the night...
32 Harem rooms
33 Spanish Main
34 Ruthless outlaw
35 Niven and
36 Workers on museum art
40 Gold: Prefix
42 Muse of comedy
43 Enclosure
45 Noun suffix
47 Vegetable in Chinese cookery
53 Vampires
54 Relative
57 Rich cake
58 — no good
59 Refrain syllables
62 Employer
65 Actress Ulman
66 Roman 1006
67 "— Kapital"



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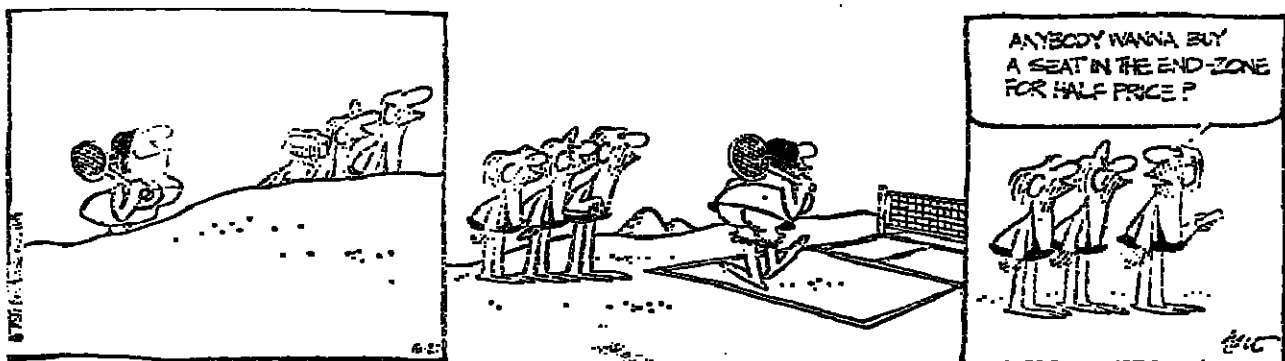
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ALASKA	14	64	Rain	MILAN	20	72	Overcast
ARIZONA	22	72	Cloudy	MONTREAL	24	80	Cloudy
ARKANSAS	22	72	Cloudy	MOSCOW	24	80	Cloudy
CALIFORNIA	22	80	Clear	MUNICH	24	80	Cloudy
CANADA	22	80	Clear	NEW YORK	24	74	Cloudy
COLORADO	22	80	Cloudy	NICE	24	80	Rain
CONNECTICUT	19	66	Cloudy	PARIS	14	57	Cloudy
DELAWARE	26	80	Clear	PRAGUE	24	72	Cloudy
FLORIDA	26	80	Clear	ROME	24	72	Cloudy
GEORGIA	26	80	Clear	SAN FRANCISCO	24	72	Cloudy
ILLINOIS	26	80	Clear	SEATTLE	24	72	Cloudy
INDIANA	26	80	Clear	ST. LOUIS	24	72	Cloudy
IOWA	26	80	Clear	ST. PETERSBURG	24	72	Cloudy
KANSAS	26	80	Clear	TOKYO	24	72	Cloudy
KENTUCKY	26	80	Clear	WASHINGTON	24	72	Cloudy
LOUISIANA	26	80	Clear	ZURICH	24	72	Cloudy
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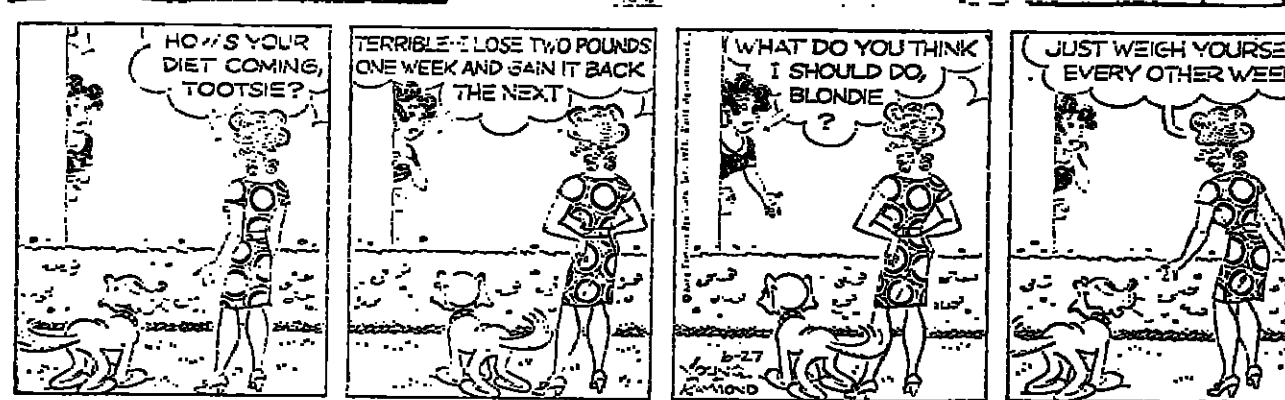
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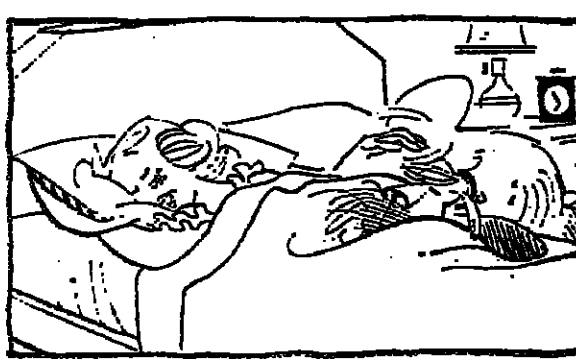
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BOOKS

LE NEUD GORDIEN

By Georges Pompidou. Librairie Plon. 205 pp. 25 Francs

Reviewed by Jonathan C. Randal

AT THE request of his family, the late Georges Pompidou's inner thoughts have just been published in a slender volume which does little to enhance his image as a major political thinker.

Written in the months separating his ouster as the late Charles de Gaulle's prime minister in July, 1968, and his replacement of the general the following June, these random remarks at best constitute an unfinished symphony.

Perhaps understandably, he writes with some bitterness and contempt of the springtime student-worker upheaval in 1968 which he failed to foresee and which cost him his job even though he engineered a landslide election victory for the unforgiving De Gaulle.

Throughout the book Pompidou criticizes such well known local failings as the fickleness of the Parisian bourgeoisie compared to the stolid, virtuous provincials, or the basic unworkability of the French evidenced in their erratic driving.

De Gaulle held much the same views about his fellow countrymen. But his image dealt not with automobiles—one of Pompidou's more abiding fixations judging by his determination to push ahead with the controversial Left Bank expressway in Paris—but with the several hundred varieties of French cheese.

Thus inevitably the reader is overcome by the suspicion that this effort is a pale copy of the general's majestic writings. Indeed the comparison is not discouraged by the fact that Pompidou's book was printed by Plon, De Gaulle's favorite publisher.

Amateur philosophizing apart, the basic conservatism of Pompidou emerges, the Gallic myth cabin myth personified, the provincial school teacher's son who makes good, gets to the prestigious Ecole Normale Supérieure, works for De Gaulle, then for the Rothschild bank, before succeeding politically.

Titled "The Gordian Knot," an apparent allusion to the need for politicians to cut through indecision and act, the book stands as an ironic commentary on Pompidou's painful final year in office when the cancer that was to kill him turned him into an increasingly hesitant ruler.

There's something slightly melancholic about his still unanswered call for an end to tax fraud and the beginning of tax reform, for increasing old age benefits for the needy, for assigning a high priority to mass transport.

But there is something downright misleading in Pompidou's professed love for the French Planning Commission, a postwar institution which he purposely allowed to molder. Indeed, there is just enough of De Gaulle's annoying habit of rewriting history to cast doubts on the Pompidou book as well.

"The Republic cannot be the responsibility of engineers, technocrats or even the scholarly," runs one passage. "I maintain that the requirement that the country's leaders should be graduates of the Ecole Nationale

d'Administration or Polytechnique (both schools whose graduate staff the upper establishment reaches) is a reactionary attitude corresponding completely to the of royal power at the end of ancient regime which demands officers have a certain amount of aristocratic blood in their veins."

No one would argue such assertion. But under Pompidou the power of these graduates France's elitist schools continue to grow unchecked.

Similarly, Pompidou praises wide freedom of on-the-job dependence he believes American workers enjoy in contrast France where "you have to be to management for the least bit thing."

But the Pompidou president was to see the codification Gaullism's penchant for holding the French people in a state but erasing contempt as if they were deemed too immature to understand or participate in decisions affecting their lives.

Perhaps the most pathetic passage has Pompidou expressing hope that the French economy accepts "what is called the American challenge and which is or the challenge of progress."

Under his presidency, the French economy far outstrips Britain's and came within paces of the American challenge, but it is the challenge of progress.

But even that triumph appears uncertain in the months before and after his death in light of France's heavy dependence on imported Arab oil which despite his best diplomatic efforts was costing France just as much hitherto less friendly consumption.

That revolution—the end of cheap energy—now seems more a danger to France than the events of the 1968 upheaval which left Pompidou, in true Gaullist brooding, worrying about a be end for the country.

"Fascism is not so improbable he wrote. 'It is even, I believe nearer to us than Communism totalitarianism.'"

Jonathan C. Randal is the Paris correspondent of The Washington Post.

© The Washington Post.

Milan Gallery Closes Over Lack of Funds

MILAN, April 26 (AP)—One of Milan's finest art galleries closed its doors indefinitely this week, lacking the funds to protect its paintings and pay its personnel.

Art superintendent Franco Rusoli said that he had ordered the Brera Gallery shut down because 30 of its 38 exhibition halls had wall cracks and dampness which threatened works by such masters as Titian, Raphael and Vermeer.

Mr. Rusoli said that gallery officials had asked for a \$980,000 government subsidy to renovate the halls and pay extra custodians. They received on \$140,000, he said—a fraction of the sum needed to keep the gallery operating.

For several years, Brera officials have been forced to plug up paintings in the damp corridors of the gallery, rather than risk their safety the poorly protected, poorly maintained public halls.

The gallery's closure was criticized by Milan tourist officials. They noted that more than 10,000 visitors pass through the gallery each week in the summer months.

BRIDGE

By Alan Truscoe

West made an unwise opening lead on the diagramed deal that seemed to give the declarer an optimistic slam—but a remarkable inspiration at the second trick changed the picture entirely.

The North-South auction was fine for two rounds, but then went totally off the rails. South's jump rebid of two no-trump showed a balanced hand with 19-20 points, and North temporized with three clubs. This was forcing, and he planned to play three no-trump unless South was able to show three-card heart support by bidding three hearts. Since South's rebid denied four hearts, a delayed preference in this fashion always shows exactly three cards.

Three hearts should have been South's next move, leading to a final contract of four hearts, but he made a wild leap to five clubs. North calculated correctly that this contract would not be worth many match-points, shrugged his shoulders, and bid six clubs.

On any lead but a spade South's wild slam contract would have had no chance. However, West led the spade ace. Leading aces against slam contracts is often sensible, but it was not in this case; the bidding suggested that South held the spade king, and that West would make two spade tricks if he was willing to wait.

As the heart queen was doubleton, the slam was now sure—or so a kibitzer might think after inspecting all the hands. But West player came up with inspired shift to the heart eight.

This would have been unfortunate for the defense if South had held ace-king-ten of hearts, but ace-king-small was rather more likely. As it was, South was highly gratified. He covered with the nine to dummy's king. Next he drew trumps, and ran the heart jack. It was clear to him that East held the queen—but West produced a card to beat the slam by a trick.

NORTH	EAST
♠ 8	♠ J 10 9 8 7 6 5 4 3 2
♥ 10 9 8 7 6 5 4 3 2	♥ A Q J 10 9 8 7 6 5 4 3 2
♦ A Q J 10 9 8 7 6 5 4 3 2	♦ K 10 9 8 7 6 5 4 3 2
♣ A Q J 10 9 8 7 6 5 4 3 2	♣ K 10 9 8 7 6 5 4 3 2

WEST	EAST
♠ A Q 7 6	♠ J 10 9 8 7 6 5 4 3 2
♥ 10 9 8 7 6 5 4 3 2	♥ A Q J 10 9 8 7 6 5 4 3 2
♦ A Q 7 6	♦ K 10 9 8 7 6 5 4 3 2
♣ A Q 7 6	♣ K 10 9 8 7 6 5 4 3 2

Neither side was vulnerable. The bridge was played by West and East. West was the dealer. The cards were dealt as follows: North: ♠ 8, ♥ 10 9 8 7 6 5 4 3 2, ♦ A Q J 10 9 8 7 6 5 4 3 2, ♣ A Q J 10 9 8 7 6 5 4 3 2. East: ♠ J 10 9 8 7 6 5 4 3 2, ♥ A Q J 10 9 8 7 6 5 4 3 2, ♦ K 10 9 8 7 6 5 4 3 2, ♣ K 10 9 8 7 6 5 4 3 2.

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